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## SUMMARY

### **Annual Action Programme 2019 – part 1, in favour of Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO)**

#### **1. IDENTIFICATION**

EDF allocation	11 <sup>th</sup> EDF (EA-SA-IO Regional Indicative Programme)
Total cost	EUR 63 000 000 of EU contribution
Basic act	Commission Decision on the adoption of the Regional Indicative Programme between the European Union and Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO), C(2015) 3379 of 22.5.2015

#### **2. REGIONAL BACKGROUND**

The Eastern Africa-Southern Africa-Indian Ocean (EA-SA-IO) region comprises 25 heterogeneous countries with Gross Domestic Product (GDP) per capita ranging from the Seychelles' USD 17 000 to Burundi's USD 400. Overall, the region counts 14 low income countries and 10 middle income countries, of which 6 in the lower category. These countries are member of one or more of four Regional Economic Communities (RECs): Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Intergovernmental Authority on Development (IGAD) and Southern African Development Community (SADC), while the island states in the Indian Ocean are also member of the Indian Ocean Commission (IOC). These 5 organisations are the duly mandated partners for the purposes of the EDF.

After a severe hit in 2015 and 2016, growth picked up again in 2017 though mostly in relation to the easing of drought conditions and an improving external environment. The fundamentals remain weak and several countries are in fact expected to see per capita income decline as timid GDP growth is outpaced by population growth.

In addition, most countries in the region are highly dependent on extractive industries, which, while being the main contributor to GDP, are but small job creators. The highest potential for job creation is to be found in the manufacturing and services sectors. Also the agriculture and fisheries sectors offer opportunities with new and good jobs to be generated down and up-stream.

#### **3. SUMMARY OF THE ANNUAL ACTION PROGRAMME**

##### **1) Background**

The Regional Indicative Programme (RIP) for the EA-SA-IO region is structured around three priority areas: regional economic integration, peace and security and regional stability and regional natural resource management.

The emphasis of this AAP is on regional economic integration which can be a powerful tool for job creation and hence poverty reduction. However, integration is hampered by weak capacities both at regional and national levels and varying levels of commitment with implementing the regional policies.

Furthering the integration of the region requires substantial investment in economic infrastructure, in particular for transport and energy as essential elements of a job creating business environment. For the region's economic infrastructure, inefficiencies continue to slow down integration efforts and growth and put stress on national resources, both public and private. The infrastructure deficit that hampers competitiveness needs to be addressed through sustainable business development and investments for the development of more integrated transport, energy, ICT and trans-boundary water networks that boost interconnectivity and sustainable climate-resilient growth.

Therefore, there is a need to boost and enhance infrastructures project identification, appraisal, formulation and preparation and to address structural and policy reforms at governance level to ensure sustainability of investments. Equally, the capacity of public institutions needs to be enhanced to develop strategic and regionally aligned project portfolio for the purpose of subsequent investment, to supervise, manage and maintain the investments.

Eastern Africa, including the Horn, is a highly complex region where multiple EU interests are at stake, in particular in terms of security and trade. In 2017, Eastern Africa was, with 5.9%, the fastest growing region in Africa, though growth has not been accompanied by a commensurate reduction in unemployment or poverty but by persistent inequality, features not projected to change much in 2019 or 2020.

## ***2) Cooperation related policy of beneficiary region***

The support to the development of the region's economic infrastructure is in line with the regional (Duly Mandated Regional Organisations (DMROs) and others) and continental (Programme for Infrastructure Development in Africa - PIDA) strategies and/or master plans, that call for investments in business development and for the development of more integrated transport, energy, ICT and trans-boundary water networks, boosting interconnectivity and growth.

Mindful of the development – security nexus in the Horn of Africa, Somalia's policy view is that enhancing security, reinforcing institutional capabilities, and rebuilding strategic infrastructure will deliver on its social-economic development aspirations, as defined in the country's National Development Plan (NDP) 2017-2019. The NDP and the Somaliland Development Plan II (2017-2021) envision development and implementation of urban strategic development plans, spatial plans, urban regulatory frameworks and urban renewal, rehabilitation and expansion to facilitate development of inclusive and sustainable urban centres. With limited resources, the capacity of the government to implement these plans is limited.

The **2018 Drought Impact Needs Assessment (DINA)** for Somalia estimates the needs in terms of Urban Development and Municipal Services at around USD 300 000 000. The document highlights the need to facilitate the provision of basic services and accommodations, to strengthen the capacities of local institutions in particular in terms of spatial planning and investment planning, to promote inclusive area-based interventions catalysing for economic development, including formal job creation activities and key infrastructure development. Mapping of and investment in connectivity gaps is another key part of the approach. An adequate focus is put on crisis-affected persons in urban settings and the government has recently committed to promoting durable solutions through its commitments in the **Nairobi Comprehensive Plan of Action for Durable Solutions for Somali Refugees** and the development of a **National Action Plan for Durable Solutions**.

### ***3) Coherence with the programming documents***

The Regional Indicative Programme (RIP) for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) for the period 2014-2020 establishes as a priority, both at sub-regional level and across regions, regional economic integration, of which regional connectivity is an essential feature. As such, this AAP has a clear emphasis on the priority of regional economic integration.

The support to project preparation for improved connectivity and efficiency and resilience of regional infrastructure networks is foreseen under chapter III of the aforementioned RIP, with an emphasis on completing key missing links of regional transport corridors, developing energy interconnectors and increasing energy generation, as well as promoting resilient ICT networks interconnectivity. Moreover, the Addendum No 1 to the RIP<sup>1</sup> inserted a new chapter IV.F Prosperity and Job Creation, which foresees to promote a favourable business environment and an attractive investment climate and to leverage financing for investments in prosperity and job creation.

The Addendum No 1 to the RIP also inserted a new chapter IV.E Development of Coastal Urban Areas – Red Sea Economic Cooperation. This chapter supports investments and activities promoting sustainable urban and port development in coastal areas in the Horn of Africa and in particular in Sudan, Eritrea, Djibouti, Somalia and Kenya.

### ***4) Identified actions***

1. Cross-regional - Contribution to the Africa Investment Platform (AIP) in support of the regional economic integration - EUR 26 000 000: The overall objective of the Contribution to the Africa Investment Platform (AIP) in support of regional economic integration is to contribute to sustainable and inclusive economic development through regional economic integration, with an emphasis on the improvement of economic infrastructures.
2. Cross-regional - INCLUCITY - Support to inclusive and sustainable development of two strategic coastal cities in Somalia - EUR 23 000 000: The programme aims to contribute to inclusive and sustainable urban development in Somalia. Its specific objectives are to improve strategic and inclusive urban development planning and local governance in Mogadishu and Berbera, to improve municipal investments in enabling infrastructures and service delivery and to improve decent work and business activity in the cities with a particular focus on women and those people living in the most vulnerable situations.
3. Infrastructure - Regional Technical Assistance Facility for Digitalisation for Development (D4D) & Infrastructure - EUR 14 000 000: The objective of the programme is to improve both physical and digital interconnectivity for countries of the EA-SA-IO region. It will contribute to broad and inclusive growth and prosperity through the creation of interconnected infrastructure networks that respond to the notion of quality infrastructure. The action will do so by supporting the establishment of a Regional Technical Assistance Facility (TAF) for Digitalisation for Development (D4D) and Infrastructure which will have the specific objective of stimulating investments through the development of bankable projects (for financing) and assisting in developing sound policies in the two sectors, digitalisation and infrastructure.

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<sup>1</sup> Commission Decision C(2018) 3723 final of 14.6.2018.

### ***5) Past EU assistance and lessons learnt***

Across the board, several lessons have been learnt from implementation of programmes in related areas under the 10<sup>th</sup> EDF where the assistance was implemented mainly through the Secretariats of the regional organisations but it was "difficult to use in an efficient and effective way (...) given their limited absorption capacity". By relying for implementation on international and regional organisations with specific sector expertise, the AAP addresses this issue and applies the principle of direct access, increasing the efficiency of implementation.

Evaluations of the blending mechanism have concluded that it can be an effective instrument for leveraging significant financial resources for investment in job generating economic development. On the other hand, macroeconomic data of the beneficiary country should be taken into account especially in order to secure debt sustainability.

In Somalia, experience has shown that the use of country systems contributes to building the capacities of the authorities to plan and manage assets and deliver services, which leads to increased legitimacy of the Government. In addition, applying area-based approaches takes into account the needs of various different groups helps building social cohesion and prevents tensions between groups such as IDPs, returnees and host communities.

With regard to supporting the development of bankable infrastructure and digitalisation projects, past experience has shown that assistance at partner states and regional corridor level critically complements that at the regional level. It helps to overcome the deficiencies at regional level in terms of institutional capacity and availability of support.

### ***6) Complementary actions/donor coordination***

The infrastructure investments under the AIP in the region are complementary, in particular with the completion of regional connectivity links along the major African corridors. Other initiatives under the European Investment Platform, in particular with regard to the MSME window of the Guarantee fund, will also allow for strong synergies with this AAP.

The Regional Technical Assistance Facility project will be complementary to the other actions under the regional indicative programme that aim at enhancing regional connectivity and at creating an enabling business environment. Moreover, actions in this field under other instruments such as Intra-ACP and Global Public Goods and Challenges (GPGC) work in complementarity to this facility. Particular reference can be made to Sustainable Business for Africa (SB4A) and Global Investment Technical Assistance Facility (GITAF).

The Somalia urban development project is designed to complement in particular the "Inclusive Local and Economic Development" (ILED) Programme, thanks to its focus on the sustainable development of the two urban coastal cities. This Action will be further reinforced by the support to Public Finance Management and the upcoming EU budget support, which are strengthening the country systems and enhance the relations between the Federal Government of Somalia and the sub-national authorities.

#### 4. COMMUNICATION AND VISIBILITY

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

The individual Actions financed under this AAP shall contain communication and visibility measures, which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation of the actions.

#### 5. COST AND FINANCING

1. Contribution to the Africa Investment Platform (AIP) in support of the regional economic integration	EUR 26 000 000
2. INCLUCITY - Support to inclusive and sustainable development of two strategic coastal cities in Somalia	EUR 23 000 000
3. Regional Technical Assistance Facility for Digitalisation for Development (D4D) & Infrastructure	EUR 14 000 000
<b>Total EU contribution to the measure</b>	<b>EUR 63 000 000</b>



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This action is funded by the European Union

## ANNEX 1

of the Commission Decision on the Annual Action Programme 2019 – part 1 in favour of Eastern Africa, Southern Africa and the Indian Ocean" to be funded from the 11<sup>th</sup> European Development Fund

### Action Document for the "Contribution to the Africa Investment Platform in support of regional economic integration"

<b>1. Title/basic act/ CRIS number</b>	<i>Contribution to the Africa Investment Platform (AIP) in support of the regional economic integration</i> CRIS number: RSO/FED/041-789 Financed under the 11 <sup>th</sup> European Development Fund (EDF)	
<b>2. Zone benefiting from the action/location</b>	Eastern Africa / Southern Africa / Indian Ocean (EA-SA-IO) countries and the Regional Economic Communities COMESA (Common Market for Eastern and Southern Africa), EAC (East African Community), IGAD (Intergovernmental Authority on Development) and SADC (Southern African Development Community), and the IOC (Indian Ocean Commission)	
<b>3. Programming document</b>	Regional Indicative Programme (RIP) 2014-2020 for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO)	
<b>4. Sustainable Development Goals (SDGs)</b>	Main SDGs: Goal 8: inclusive and sustainable economic growth, employment and decent work for all Goal 9: build resilient infrastructure, through investments in transport, irrigation, energy and information and communication technology Goal 12: ensure sustainable consumption and production patterns Goal 13: climate action Secondary SDGs: Objective 1: poverty eradication Objective 6: access to safe water and sanitation Objective 7: use of renewable energy sources	
<b>5. Sector of intervention/ thematic area</b>	Priority area 2 – Regional Economic integration	DEV. Assistance: YES
<b>6. Amounts concerned</b>	Total estimated cost: EUR 26 000 000 Total amount of EDF contribution EUR 26 000 000 This action is co-financed by one of the entities mentioned in the Appendix	
<b>7. Aid modality and</b>	Project Modality This contribution to the Regional Blending Platform shall be	

<b>implementation modality</b>	implemented in indirect management by the entities indicated in the appendix to this action document, in accordance with the Regional Blending Platform's award procedure.			
<b>8 a) DAC codes</b>	140 – Water and Sanitation 210 – Transport and storage 220 – Communications 230, 232, 236 – Energy generation, distribution and efficiency 250 – Business and other services			
<b>b) Main Delivery Channel</b>	European Investment Bank – 42000 Regional Development Banks – 46000			
<b>9. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input 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"/>
	Trade Development	<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"/>
	<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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>10. Global Public Goods and Challenges (GPGC) thematic flagships</b>	N/A			

## SUMMARY

The overall objective of the action is to contribute to sustainable and inclusive economic development through regional economic integration, with an emphasis on the leveraging of financing for investment projects in sustainable and green business development and infrastructure. The programme should result in increased financial investment from private actors in core sectors for economic growth and job creation.

The action responds to the objectives of the European Consensus on Development<sup>1</sup> regarding Prosperity and in particular sustainable economic development, sustainable and inclusive industrialisation, regional and continent integration, as well as to the objectives for the energy sector, to contribute to the global fight against climate change.

<sup>1</sup> OJ C 210 of 30.6.2017.

The EU adopted the EU External Investment Plan (EIP) in September 2017 to help boost investment in partner countries in Africa. At the same time, the Africa Investment Facility (AfIF) became an integral part of the European Fund for Sustainable Development<sup>2</sup> (EFSD) as the Africa Investment Platform (AIP). The EFSD is the first pillar of the EIP, dealing with guarantee and blending operations.

This action constitutes a contribution to the Africa Investment Platform<sup>3</sup> (AIP) from which funds can be assigned as a grant to investment projects in a blending scheme with loans from international finance institutions. It will contribute to the achievement of the overall objectives of the United Nations 2030 Agenda for Sustainable Development.

## 1 CONTEXT ANALYSIS

### 1.1 Context Description

The region of Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) comprises 25 heterogeneous countries with Gross Domestic Product (GDP) per capita ranging from the Seychelles' USD 17 000 to Burundi's USD 400. Overall, the region counts fourteen low-income countries, ten middle-income countries, of which six in the lower category, and one high-income country, Seychelles. These countries are members of one or more of four Regional Economic Communities (REC), COMESA, EAC, IGAD and SADC, while the island states in the Indian Ocean are also members of the IOC. These five are the duly mandated partners<sup>4</sup> for the purposes of the Regional Indicative Programme (RIP).

Slowly recovering from the severe hit it endured in 2015 and 2016, the region's growth rate is enjoying a modest uptick since last year though mostly in relation to the easing of drought conditions and an improving external environment. The fundamentals remain weak and several countries are in fact expected to see per capita income decline as timid GDP growth is outpaced by population growth. On average real growth is expected to rise to 3.4% in 2018 and to a further 3.9% in 2019. Per capita growth shows however figures closer to 1.2% and 1.6% respectively.

The strategic approach to prosperity and job creation in Eastern and Southern Africa and the Indian Ocean, is aligned to the European Consensus on Development<sup>5</sup>, which recognises responsible public and private investment as a vital driver of sustainable development. It therefore aims to boost investment by combining funding for sustainable development, technical assistance to develop sustainable projects and attract investors, and measures to help improve economic governance and supporting enabling business environments and investment climate, fight corruption and engage with the private sector. It also includes committing to contribute to scaling-up private and public investments in low-emission, climate-resilient green economy. This strategic approach also includes continuous support to value chain development and upgrading, intra-regional trade and deeper regional economic integration, with a view to support economic diversification, industrialisation and deeper integration of partner countries into regional and global value chains, while seizing the full potential of the Economic Partnership Agreements (EPAs). It also rests on and will promote non-discrimination, equality and equity, transparency and accountability, inclusion and participation.

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<sup>2</sup> Regulation (EU) C(2017)1601 of the European Parliament and of the Council of 26.09.2017, establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund.

<sup>3</sup> Commission Decision C(2016)5917 on the individual measure "Creation of Africa Investment Platform" of 14.9.2016.

<sup>4</sup> The Duly Mandated Regional Organisations (DMROs) are COMESA (Common Market for Eastern and Southern Africa), EAC (East African Community), IGAD (Intergovernmental Authority on Development), IOC (Indian Ocean Commission) and SADC (Southern African Development Community).

<sup>5</sup> Joint statement by the Council and the representatives of the Governments of the Member States meeting within the Council, the European Parliament and the European Commission, 7 June 2017 (OJ C 210 of 30.6.2017).



Infrastructure investment and business development remain critical to sustaining Africa's strong growth, through economic diversification and structural transformation. Power and transport infrastructure development will support the African economies' diversification away from the extractive sectors and towards inclusive growth in productive and service sectors. The result of this diversification will be widening the industrial base in a number of countries and creating more inclusive patterns of growth in the region.

In particular, the needs in the energy sector remain vast and there is a continued potential to achieve strong development impact through blended investments in energy in sub-Saharan Africa. A severe shortage of essential electricity infrastructure is undermining efforts to achieve more rapid social and economic development. For the minority that have a grid connection today, supply is often unreliable, necessitating widespread and costly private use of back-up generators running on diesel or gasoline. Electricity tariffs are, in many cases, among the highest in the world and, outside South Africa, losses in poorly maintained transmission and distribution networks are double the world average.<sup>6</sup>

Electricity prices are typically very high by world standards, despite often being held below the cost of supply, while oil products are subsidised in many oil-producing countries. In that context, developing a regional power market would reduce energy system costs substantially and save tons of carbon emissions annually (as well as pollutants emissions). Cooperative planning and improved transmission interconnections will increase access to electricity, efficiency of energy, as well as lower the costs of energy to the end user. In turn, energy will have an increased development impact through poverty reduction and inclusive growth (access to energy for small and medium enterprises, SMEs). Regional renewable generation as well as energy access projects, including regional power grid expansion, provide an opportunity to increase efficiently the supply of energy within the region. This will also reduce the vast inefficiencies in energy transmission and distribution that currently plague the region's energy sector.

Likewise, the needs are very large in the transport sector. Intra-regional trade in Africa is very limited (12.8%) and severely hindered by weak transport networks. These weaknesses have also an important impact on the environmental efficiency of the different transport modes. This has a serious impact on the competitiveness and economic development of the region, in particular for land-locked countries in which costs related to transportation add a significant cost to imported and exported goods. Besides poor quality road networks, administrative hurdles and lengthy border crossing processes are the main obstacles to improving regional trade and competitiveness.

The region is highly vulnerable to climate variability and climate change. Changes in weather patterns are already being felt and are expected to increase in intensity and will have an impact in all the sectors of the economy. These include more erratic rainfall events, increased frequency and intensity of extreme weather events (including drought and intense rainfall), shifting seasons, and accelerated coastal erosion in part due to sea level rise and degradation of coral reefs. Therefore increased climate resilience is fundamental to achieve sustainable economic development.

## **1.2 Policy Framework (Global, EU)**

The Mid-Term Review of the Regional Indicative Programme (RIP) for Eastern Africa, Southern Africa and the Indian Ocean added a cross-regional allocation to the programme aiming to build a viable future for the region's youth by:

- supporting inclusive and sustainable job creation;

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<sup>6</sup> "Africa energy Outlook", IEA, 2014 p 13.

- contributing to scaling-up private and public investments to support a more diversified, clean and competitive low-carbon climate-resilient economy;
- supporting value chain development;
- encouraging regional trade and economic integration;
- enhancing trade and investment relations with Europe (seizing the potential of the EPAs).

The action responds to the objectives of the EU Consensus on Development regarding Prosperity and in particular sustainable economic development, industrialisation, regional and continent integration, as well as to the objectives for the energy sector, to contribute to the global fight against climate change. One of the objectives laid down in the new Consensus on Development calls for the coordinated implementation of the 2030 Agenda and its SDGs with the UN Paris Agreement on climate change and the related Nationally Determined Contributions (NDCs) presented by the Parties. This is particularly important for the energy sector. In terms of the transport sector, the new Consensus on Development also calls to support the development of "sustainable, low-emission, interconnected and secure mobility and transport networks".

This action is fully in line with the new "Africa – Europe Alliance for Sustainable Investment and Jobs"<sup>7</sup> to the extent that it boosts strategic investments for job creation, strengthens business environment and investment climate and promotes economic integration and trade. The Communication highlights among others how economic integration and the development of value chains that are linked to the regional, continental and global set-up require connectivity, both intra-African as well as strategic linkages between the EU and Africa. Sectoral Task Forces on Energy, Agriculture, Transport and Connectivity will be set up to support the operationalisation of the Alliance.

Launched in 2017, the EU External Investment Plan (EIP) is designed to attract more investment, in particular from businesses and private investors, into countries near the EU ("EU Neighbourhood") and in Africa. It is expected to leverage EUR 44 billion of investment through an initial EU input of EUR 4.1 billion. Through the EIP, the EU will support its partner countries in their efforts to meet the UN sustainable development goals (SDGs) by 2030. The EIP will promote decent job creation and inclusive and sustainable development, and address specific socioeconomic root causes of migration, including irregular migration, and contribute to the sustainable reintegration of migrants returning to their countries of origin and to the strengthening of transit and host communities.

### **1.3 Public Policy Analysis of the partner country/region**

Investment is a key factor in transforming development policy and assistance in order to better support the achievement of the Sustainable Development Goals, and address the multiple challenges faced in EA-SA-IO<sup>8</sup>. It can help to diversify economies, foster decent job creation, deliver innovative products and services, link developing countries' economies to regional and global value chains, promote regional integration and trade and meet social needs. Investment especially in low-emission, climate-resilient green economy can thus play an essential role in boosting jobs and growth in the region while preserving its natural resources for future generations, bringing in more stability and improving conditions on the ground in fragile countries affected by conflict, and increasing the region's resilience to natural disasters and climate change.

A stronger focus on investment is a key element also of the UN 2030 Agenda, its Sustainable Development Goals, and the Addis Ababa Action Agenda on Financing for Development, as well

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<sup>7</sup> COM(2018) 643 final of 12.9.2018.

<sup>8</sup> Challenges include those linked to food insecurity, climate change and migration and the particular conditions of island states, all of which make achieving resilience more difficult.

as the UN Paris Agreement on Climate Change. While official development assistance (ODA) remains essential for the poorest and fragile countries in their efforts to fight poverty and achieve sustainable development, EU ODA can also be used to leverage other means of financing for our partner countries, thereby gaining much additional weight, including investment, trade, domestic revenue mobilisation and good governance.

This requires in particular making use of existing mechanisms and platforms such as those provided by the European External Investment Plan (EIP) which promotes a conducive business environment and an attractive investment climate, in particular for Micro Small & Medium Enterprises (MSMEs) and young innovative companies. To be effective, it shall include economic diplomacy and feature a structured dialogue component, bringing together the local and international private sector on one side and governments and regional organisations on the other so as to influence and direct policies towards an adequate policy environment. The EIP is also a crucial instrument to boost the creation of decent and green jobs, in particular for women, youth, persons with disabilities and marginalised groups (including migrants, refugees, internally displaced people and those living in peripheral and rural areas) by providing a full range of innovative financing mechanisms that are able to leverage loan with grant financing, encourage public-private partnerships and crowd-in private investment in line with the UN Guiding Principles on Business and Human Rights and the EU Strategy on Corporate Social Responsibility.

#### **1.4 Stakeholder analysis**

The final beneficiaries of the operations financed under the facilities will include all African citizens from the region who will benefit from improved infrastructure services and decent work opportunities through enhanced private sector development and trade.

Indirect beneficiaries will be the partner countries members of the EA-SA-IO regional organisations, either directly or indirectly through their central, regional and local administrations or public or semi-public institutions.

Multilateral and national European financial institutions will be direct partners and important stakeholders of the Africa Investment Platform.

In accordance with Article 40 of Council Regulation (EU) 2015/323<sup>9</sup>, financial instruments should be implemented, whenever possible, under the lead of the European Investment Bank (EIB), a multilateral European financial institution such as the European Bank for Reconstruction and Development (EBRD), or a bilateral European financial institution like the French Development Agency (AFD) and the German Development Bank (KfW).

The involvement of non-European financial institutions as lead financial institutions should be examined by the board of the Africa Investment Platform on a case by case basis following a targeted approach, based on the specific added value as a lead financier brought in a particular project or region. This would include those aspects in which non-European financial institutions might contribute to fill the gap left by European financial institutions, in particular regarding their:

- a. Specific thorough knowledge of local conditions and presence in the region,
- b. Specific analytical capacities and specific expertise and know-how, notably on private sector financing and the promotion of financial instruments and/or of innovative financing tools that attract private funding,
- c. Specific know-how and experience in relevant sectors,
- d. Additional technical and/or financial capacity to substantially leverage further resources.

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<sup>9</sup> Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11<sup>th</sup> European Development Fund (OJ L 58, 3.3.2015, p. 17).

The role of non-European financial institutions already acting as lead financial institutions in specific blending facilities should be preserved, provided that the above conditions are met. In the context of the Africa Investment Platform, it relates to the African Development Bank acting as lead financier under the conditions set above.

In accordance with the recommendations made under the EU Platform for Blending in External Cooperation, non-European financial institutions active in a particular region should be invited to attend technical and board meetings as observers.

### **1.5 Problem analysis/priority areas for support**

The broad developmental challenges faced by the EA-SA-IO region are by and large those of Africa as a whole, including undiversified markets with low value addition, high vulnerability to climate change, overdependence on raw material exports, low levels of effective trade and economic integration, lack of infrastructure, regional food insecurity, conflicts and political instability. These challenges are recognised and constitute a priority in the policy development processes of the regional organisations. Consequently, the main instruments of the region's future development are stronger market integration, regional infrastructure development and high value-addition industrialisation and productive transformation.

In addition, the combination of high numbers of displaced people and weak economic prospects are often interlinked and represent a shared challenge among the EU and its partners. Therefore, a new approach is needed to address the many factors that constitute the root causes of migration (including south-south migration), while supporting partners in managing its short-term consequences, by fostering new economic opportunities and decent job creation, for instance by financing sustainable and labour intensive investments while addressing existing barriers to private investment.

Growth in the EA-SA-IO region has slowed to the weakest levels in years, notwithstanding continued demographic growth. Combined with significant security issues, this trend exacerbates poverty, holds back sustainable development, and results in economic and social conditions that are often among the root causes of migration. Depletion of natural resources and increased impact of climate change further exacerbate countries' fragility and potential of conflict and migration.

Delivering on regional economic integration requires, among other measures, good regional infrastructure. Despite robust gains in GDP in many of the EA-SA-IO countries in recent years, infrastructure inefficiencies continue to slow down integration efforts and growth, and put stress on national resources, both public and private. The infrastructure deficit that hampers competitiveness needs to be addressed through investments for the development of more integrated transport, energy, ICT and trans-boundary water networks that boost interconnectivity and sustainable climate-resilient growth, as identified in regional (Duly Mandated Regional Organisations (DMROs) and others) and continental (*Programme for Infrastructure Development in Africa - PIDA*) strategies and/or master plans.

PIDA defines the projected gaps and bottlenecks created by mismatched supply and projected demand and institutional inefficiencies. The identified needs are:

- Investments and technical preparatory studies for the realisation and/or completion of target key regional projects identified in PIDA, regional strategies or aligned to the principles defined in these documents;
- Sector governance: compliance with regional policies, regulations and standards is key to ensure the sustainability of the investments. The PIDA evaluation shows that the framework of regional and continental policies is fundamentally sound but their translation into national legislation and their enforcement are major challenges and constitute the principal reason for the high cost and low level of competitiveness. Furthermore, in order to meet the needs for infrastructure development, the region has to mobilise resources from the private sector

through public-private partnerships. However, preconditions are a clear legal framework and guidelines;

- Capacity development: a major constraint to the development of regional economic infrastructure is the lack of expertise in preparation and development of bankable project proposals. This results in a lack of adequately prepared proposals that could be marketed to potential investors which limits severely the ability of countries to access the required resources to finance infrastructure projects. There is also a need for an enhanced capacity of public institutions to initiate, supervise and manage public-private partnerships.

Energy and transport are key sectors that offer opportunities to contribute to the region's transition to a green economy, i.e. one that is environmentally sustainable, low carbon and climate resilient. In the case of the energy sector, these opportunities are mainly related to the development of renewable energy infrastructure and energy efficiency, as well as development of infrastructure that allows wider distribution of electricity produced from renewable sources. In the case of the transport sector, opportunities arise in the increased environmental efficiency and promotion of alternative and more sustainable modes of transport, such as railways, waterways and public transport.

Blending can be of particular relevance in contributing to these new goals, in particular for projects with a high potential development impact, low-carbon impact and economic rate of return but a below-market expected financial internal rate of return which cannot attract public lenders or commercial financiers without support. This may be because certain projects, including appropriate technical assistance components to ensure quality and sustainability, do not generate sufficient revenue to cover their cost. Alternatively, the (perceived) risks involved in certain projects may be too high to attract financing at the necessary scale. Development finance can be particularly important where the private sector (domestic and foreign) is unwilling to invest because risk/return profiles are not sufficiently attractive. Across all sectors aid can be used to attract investments through blended operations.

## 1.6 Other areas of assessment

N.A.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Macroeconomic data of the beneficiary countries should be taken into account especially in order to secure debt sustainability, using International Monetary Fund / World Bank debt sustainability framework. This can negatively impact blending operations in selected countries, in particular those countries that are under a moderate to high risk of debt distress.	M	Project application form contains information about debt sustainability provided by Financial Institutions. Financial Institutions also have internal policies in terms of sovereign lending. Assessment process involves EU delegations and other competent services on the issue of debt sustainability and investment programmes, including the information available on International Monetary Fund / World Bank debt sustainability framework.
The development of favourable policies by the target countries in the sectors concerned will be of high importance and should be considered	M	EU delegations are involved at a very early stage in project identification and blending operations are leveraged in the sector policy dialogue.

when deciding about a support to an operation in such a way that a systemic impact is being aimed at.		
Renewed commitment by financial institutions to continue working through the blending facilities in the framework of the External Investment Plan represents a fundamental condition. The pipelines of operations must be of high quality and volume and fulfil the criteria of sufficient additionality.	L	Blending facilities have been operating successfully over 2007 and 2013 as an instrument of EU development cooperation. Commitment of Financial Institutions showed to be very strong, including in the context of the EU Platform for Blending in External Cooperation <sup>10</sup> (EUBEC).
Projects should not crowd out private sector financing.	L	Avoidance of market distortions is a key requirement included in the project application form. Any qualitative aspects should be commented in the project application form completed by the financial institutions and then, if necessary, assessed internally by the Commission.
The results of technical assistance financed by the Africa Investment Platform to prepare preliminary studies (to be managed by the lead financial institution) might be negative or not conclusive for the project.	L	Explore with the international financial institutions all the possibilities of financing technical assistance (TA) for projects, which could potentially lead to bankable and sustainable projects.
Lack of knowledge regarding disaster risk might limit the integration of appropriate prevention and mitigation measures in the investment design.	L/M	Better understanding of disaster risks in all its dimensions (including risks exacerbated by climate change), promotion of mainstreaming of disaster risk assessment and climate proofing of infrastructure, mapping and management into investment planning.
Implementing blending operations in particular sectors in certain countries may be considered as not enough bankable/leverage-effect generating while being strategically important for the achievement of the objectives of the Africa Investment Platform.	L/M	Proposing other aid modalities for the actions and/or adopting a flexible approach to the leverage effect expected for strategically important interventions.
Assumptions		
A stable political and financial climate on the regional level in general and on the country level in particular is needed to promote and secure investments. The level of economic governance shall be conducive to investment. Bankable projects are identified and developed		

<sup>10</sup> Commission Group of Experts with participation from EU Member States, European External Action Service and financial institutions

by finance institutions with partner countries in close cooperation with the EU delegation, taking into account the reality and challenges of each country/region and the priorities defined with the regional organisations.

### **3 LESSONS LEARNT AND COMPLEMENTARITY**

#### **3.1 Lessons learnt**

As highlighted in the Communication on a new Africa – Europe Alliance for Sustainable Investment and Jobs, between 2014 and 2017, the EU has leveraged through blending operations approximately EUR 35 billion. Since the launch of the External Investment Plan and the creation of the European Fund for Sustainable Development in 2017, the EU is mobilising funds expected to leverage EUR 15 billion of investments through blending and over EUR 16 billion under the Guarantee. Between now and 2020, it is on track to deliver on the global External Investment Plan's objective of leveraged investments in Africa and the Neighbourhood worth EUR 44 billion by 2020. Concrete results will include access to electricity for 30 million people and companies and increased renewable energy capacity by 5 gigawatts. 24 000 people will have access to all seasons roads through our leveraged investments in transport infrastructure. 3.2 million jobs are expected to be created in Africa just by the investment programmes focussed on small and medium enterprises alone.

Evaluations of the blending mechanism have concluded that it can be an effective instrument for leveraging significant financial resources for investment in job generating economic development. These evaluations also pointed to the significant contribution brought to the development of partnerships and increased coordination and cooperation among financial institutions as well as with the Commission. A number of recommendations were made, notably in terms of improvements to the decision making structure and in particular the role of EU delegations and partner countries, further exploring the involvement of private sector, as well as the use of specific financial instruments such as risk mitigation instrument.

On the other hand, macroeconomic data of the beneficiary country should be taken into account especially in order to secure debt sustainability. This can negatively impact blending operations in the selected countries, in particular those countries that are under a moderate to high risk of debt distress.

The present contribution to the African blending instrument is the third tranche under the regional programme for the Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) region. The first and the second tranches of EUR 200 million each concerned purely infrastructure blending programmes, while this allocation also covers business development objectives.

#### **3.2 Complementarity, synergy and donor coordination**

By enabling joint operations (combining bilateral and EU grant funding with eligible Financial Institutions loan operations), the projects financed under the Africa Investment Platform will generate greater coherence and better coordination between the donors, in line with the Paris Declaration principles and in compliance with the EU Financial Regulation. Member States' resources will reinforce the EU effort. The Africa Investment Platform will finance larger operations, better supporting partners in the necessary reforms and investments, and bringing greater visibility for the European dimension of external cooperation. Co-financing with non-EU financial institutions will certainly further improve donor coordination and harmonisation.

Special attention will be given to ensure the complementarity to other existing EU instruments for the region, notably the African, Caribbean and Pacific (ACP) Investment Facility under the

ACP-EU Partnership Agreement<sup>11</sup>, ("Cotonou Agreement"), and the EU-Africa Infrastructure Trust Fund (ITF). This will be ensured through close cooperation with the ITF secretariat during the winding up period as well as close consultation and cooperation with the EIB in the context of its operations under the ACP Investment Facility. In particular, the Commission and EIB are coordinating closely on the preparation and implementation of the ACP Investment Facility business plan, and the Commission is being consulted systematically on the different projects to be financed under the ACP Investment Facility.

Overall coordination aimed at achieving complementarity between the different aid modalities and tools (budget support actions, projects and programmes implemented under direct management, ACP Investment facility, sustainable energy for all initiative) shall be ensured while implementing the Africa Investment Platform, through the regular internal consultation processes and exchanges between the different Commission services.

The project will be complementary to the other actions under the regional indicative programme that aim at enhancing regional connectivity and at creating an enabling business environment. Also actions in this field under other instruments such as Intra-ACP and Global Public Goods and Challenges (GPGC) work in complementarity to this initiative. Particular reference can be made to the Sustainable Business for Africa platform (SB4A) and the Global Investment Technical Assistance Facility (GITAF).

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Overall objective, specific objective(s), expected outputs and indicative activities**

The overall objective of the action is to contribute to sustainable and inclusive economic development through regional economic integration, with an emphasis on the leveraging of financing for investment projects in business development and infrastructure. The programme should result in increased financial investment from private actors in core sectors for economic growth and job creation. The project constitutes a contribution to the Africa Investment Platform through which funds are assigned as a grant to investment projects in a blending scheme with loans from international finance institutions. In this regard, coordination with the Task Forces under the new Alliance need to be ensured.

In larger and more harmonised markets, the free movement of goods, services, capital and people enables economies of scale and lower transaction costs, and stimulates investment, thus spurring economic growth, increasing trade and job creation. The right mix of gradually-increased intra- and extra-regional competition allows for smooth integration into the global trading system and makes regional integration a vehicle for inclusive growth and accelerated poverty reduction.

EU support will address projects with a regional dimension that can swiftly and efficiently deliver results, primarily in the sectors of business development, sustainable energy and transport and, to a lesser extent, in the sectors of water and ICT. This regional dimension will take into account concrete steps to end energy poverty, which is a key barrier for growth and regional integration whilst enabling the development of sustainable sectors that will contribute to the region's transition to a low-carbon climate resilient green economy.

The results of the action will be key investments in the relevant region in the transport, sustainable energy, information and communications technology (ICT), and the water sector, as well as in business development, thus improving regional connectivity, enhancing regional integration and contributing to achieving sustainable and inclusive development in the region. The action will also promote a favourable business environment and an attractive investment

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<sup>11</sup> Partnership agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 (OJ L 317, 15.12.2000, p. 3), as first amended in Luxembourg on 25 June 2005 (OJ L 209, 11.8.2005, p. 27) and as amended for the second time in Ouagadougou on 22 June 2010 (OJ L 287, 4.11.2010, p. 3).



climate, in particular for MSMEs and young innovative companies, and will contribute to developing specific value chains and services with high potential for job creation, unlocking green economy potential and the transition to low carbon and climate resilient economies.

It will result in bankable sustainable infrastructure projects adequately prepared and ready for financing.

#### **4.2 Intervention Logic**

N.A.

#### **4.3 Mainstreaming**

Crosscutting issues will be addressed in all activities implemented under the project. The partner country and relevant finance institution will ensure that actions financed with EU resources respect EU principles and safeguards in terms of environmental and social impact (e.g. gender issues, indigenous peoples rights, governance, low emissions, etc), public procurement, state aid, equal opportunities and will also respect the principles of sound financial management with effective and proportionate anti-fraud measures as well as good governance and human rights.

Environmental, social and climate change issues will be a key part of the project design and assessment process in terms of ensuring positive environmental and social impact of infrastructure projects, as well as climate-proofing the proposed projects. The environmental and climate change safeguards foreseen in the EU guidelines "Integrating environment and climate change into EU international cooperation and development" will be followed, or otherwise equivalent safeguards from the lead donor in charge of individual actions. Environmental Impact Assessments and Climate Risk Assessments will be prepared in advance, as necessary, to inform project design. Gender issues will also be integrated in the project, according to EU guidelines on "*Mainstreaming gender equality to the project approach*".

#### **4.4 Contribution to SDGs**

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all; promotes progress towards SDG 9: Build resilient infrastructure, in particular through investments in transport, water supply, energy and information and communication technology; SDG 12: Ensure sustainable consumption and production patterns, with a focus on green job creation and SDG 13: Take urgent action to combat climate change and its impacts. This does not imply a commitment by Eastern Africa, Southern Africa and the Indian Ocean region benefiting from this programme.

### **5 IMPLEMENTATION**

#### **5.1 Financing agreement**

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

#### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 120 months from the date of entry into force of the financing agreement.

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

### 5.3 Implementation of the budget support component

N.A.

### 5.4 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>12</sup>.

#### 5.4.1 Contribution to the relevant Regional Blending Platform

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

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

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

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

### 5.6 Indicative budget

	<b>EU contribution (in EUR)</b>	<b>Indicative third party contribution (in currency identified)</b>
5.4.1 Contribution to the Africa Investment Platform*	26 000 000	TBD
5.9 Evaluation, 5.10 Audit	To be covered by another measure constituting a financing decision	N.A.
5.11 Communication and visibility	included in the Contribution to the African Investment Platform (5.4.1)	N.A.
<b>Total</b>	<b>26 000 000</b>	<b>TBD</b>

\* The contribution to the Africa Investment Platform includes the fees to be paid to the Lead Financial Institutions defined in the contractual arrangements of each specific project.

### 5.7 Organisational set-up and responsibilities

The organisational set-up and responsibilities are those put in place in the context of the Africa Investment Platform.

The contribution will be implemented under the governance of the AIP with a decision-making process organised in a two-level structure:

- opinions on projects will be formulated by the Board, held whenever possible back-to-back with European Development Fund (EDF) committee meetings;

<sup>12</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

- such opinions will be prepared in dedicated Technical Assessment Meetings (TAM), where the project application forms completed by the lead financial institution, in full coordination with the relevant EU Delegation and the European Commission, are assessed.

## **5.8 Performance and Results monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators. The monitoring of projects could also keep track of the implementation of any relevant Environmental Management and Climate Risk Management Plans elaborated in the context of EIAs and climate risk assessments.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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

## **5.9 Evaluation**

At the level of the individual operations, evaluation tasks will be carried out under the responsibility of the Lead Financial Institution and will be organised according to the requirements of each project.

In addition, the Commission reserves the right to undertake evaluations on specific projects; in such case the financing of the evaluation shall be covered by another measure constituting a financing decision.

The evaluation reports shall be shared with the partner country and other key stakeholders. 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.

## **5.10 Audit**

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 audits or expenditure verification assignments for one or several contracts or agreements.

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

### **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

**APPENDIX: List of eligible Lead Finance Institutions**

AECID	Agencia Espanola de Cooperacion Internacional al Desarrollo, Spain
AFD	Agence Française de Développement, France
BIO	Belgian Investment Company for Developing Countries, Belgium
CDP	Cassa Depositi e Prestiti S.p.A., Italy
DEG	German Investment Cooperation, Germany
EIB	European Investment Bank
KfW	Kreditanstalt für Wiederaufbau, Germany
COFIDES	Compañía Española de Financiación del Desarrollo, Spain
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, NL
PROPARCO	Groupe Agence Française de Développement, France
SIMEST	Società italiana per le imprese all'estero, Italy
SOFID	Sociedade para o Financiamento do Desenvolvimento, Por
AfDB	African Development Bank
WBG	The World Bank Group



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This action is funded by the European Union

## ANNEX 2

on the financing of the Commission Decision on the Annual Action Programme 2019 – part 1 in favour of Eastern Africa, Southern Africa and the Indian Ocean to be financed from the 11<sup>th</sup> European Development Fund

### Action Document for "INCLUCITY - Support to inclusive and sustainable development of two strategic coastal cities in Somalia"

<b>1. Title/basic act/ CRIS number</b>	"INCLUCITY - Support to inclusive and sustainable development of two strategic coastal cities in Somalia" CRIS number: RSO/FED/041-636 Financed under the 11 <sup>th</sup> European Development Fund (EDF)	
<b>2. Zone benefiting from the action/location</b>	Somalia The action shall be carried out at the following locations: Mogadishu and Berbera.	
<b>3. Programming document</b>	Regional Indicative Programme (RIP) 2014-2020 for Eastern Africa, Southern Africa and the Indian Ocean	
<b>4. Sustainable Development Goals (SDGs)</b>	Main SDGs: SDG 11 – Make cities inclusive, safe, resilient and sustainable Secondary SDGs: SDG 5 – Achieve gender equality and empower all women and girls SDG 8 – Promote inclusive and sustainable economic growth, employment and decent work for all SDG 9 – Build resilient infrastructure, promote sustainable industrialisation and foster innovation SDG 13 – Climate action	
<b>5. Sector of intervention/ thematic area</b>	Regional economic integration	DEV. Assistance: YES <sup>1</sup>
<b>6. Amounts concerned</b>	Total estimated cost: EUR 23 000 000 Total amount of EDF contribution: EUR 23 000 000	
<b>7. Aid modality and implementation modalities</b>	Project Modality: Indirect management with the World Bank. Indirect management with UN-Habitat (United Nations Human Settlements Programme).	

<sup>1</sup> Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

<b>8 a) DAC code(s)</b>	43032 - Urban development 15185 - Local government administration 21020 - Road transport			
<b>b) Main Delivery Channel</b>	World Bank - 44001 <sup>2</sup> UN-Habitat - 41120			
<b>9. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<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>10. Global Public Goods and Challenges (GPGC) thematic flagships</b>	N/A			

<sup>2</sup> <http://www.oecd.org/dac/stats/annex2.htm>

## SUMMARY

The **overall objective** of this Action is to contribute to inclusive and sustainable urban development in Somalia. This Action contributes to the three pillars<sup>3</sup> of the EU Development Cooperation Strategy 2017/2020 for Somalia adopted in February 2017. The two cities targeted are Mogadishu and Berbera, which are fully embedded in the EU Territorial Approach (strategic geographical areas/corridors of concentration for EU cooperation in Somalia) and are Somali "growth nodes" on regional trade corridors.

The **specific objectives** of this Action are:

*1: Improved strategic and inclusive urban development planning and local governance in Mogadishu and Berbera;*

*2: Improved municipal investments in enabling infrastructures and service delivery;*

*3: Improved decent work and business activity in the cities with a particular focus on women and those people living in the most vulnerable situations.*

The final beneficiaries are the people living in the targeted cities, who will be empowered and benefit from increased livelihood opportunities, better services and improved infrastructure. In addition, local institutions will be strengthened and capacitated to better plan and deliver services, which will enhance their legitimacy and contribute to stabilisation and state building.

## 1 CONTEXT ANALYSIS

### 1.1 Context Description

After 25 years of state disintegration, Somalia is showing timid but promising signs of increased security and stabilisation, coupled with the formation of recognised state institutions and the start of economic recovery. The capacities of institutions at federal, state and local levels remain weak with very limited capacity to regulate and deliver services.

The economy has remained resilient and grown at a moderate pace despite more than two decades of conflict, thanks to the private sector, which however needs to be further developed and regulated. Insecurity and the lack of infrastructure have a negative impact on Somalia's economic development, creating high costs of doing business and limiting opportunities for income and employment. Sustainable growth requires massive investments in physical and human capital as well as institutional strengthening. Recently, investments targeting port developments and roads rehabilitation have been announced and are expected to enhance the regional trade in particular with United Arab Emirates (UAE) and Ethiopia.

The socio-economic indicators of Somalia remain very low: Somalia is among the five least developed countries in the world. With more than 70% of the population under the age of 30 and a poverty incidence of 73%, Somalia is a young country with enormous development needs. Unemployment rates fluctuating between 40% and 80% in urban areas make employment creation a top priority in order to avoid the young being lured into illegal activities (armed non-state actors, charcoal production and trading, human trafficking), marginalisation and irregular migration. Results of the High Frequency Surveys suggest that most of the poor people are concentrated in the urban areas with Mogadishu accounting for

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<sup>3</sup> Pillar 1 "Build effective and sustainable responses to security challenges", Pillar 2 "Respond to vulnerabilities and create economic opportunities" and Pillar 3 "Build state legitimacy and responsiveness, democratic governance and protection of human rights".



21% of all poor in the country. Women in Somalia are subjected to serious inequality and lack of access to basic rights: Somalia has one of the highest rates of maternal mortality in the world (maternal mortality ratio 732 per 100,000 live births). Women also suffer from rape, high rates of female genital mutilation (92% of women), violence against women and child marriage. Women's access to justice is restricted both within the formal, clan-based and sharia-based judicial systems and women also face limited access to economic resources and assets. This is compounded by women's low participation in politics and decision-making spheres.

Somalia's urban population is growing rapidly. This growth is largely driven by the relative safe haven and economic prospects cities offer and as a result of significant forced migration caused by conflicts and natural disasters. Somalia has one of the largest internally displaced populations in the world, with 2.6 million internally displaced people (IDPs), out of which 2.2 million live in urban or per-urban areas. The recent Somalia Economic Update showed that 70% of Somalia's Gross Domestic Product (GDP) is urban-based. **Given its potential to enhance economic productivity and to reduce human vulnerability, cities play a central role in Somalia's development and stability. However, the rapid pace of urbanisation creates multiple challenges.** Indeed, this puts considerable pressure on the already stressed services and infrastructure of the main and secondary cities and creates strong competition for jobs, land and services. Protection challenges are significant and the fragile social structure can easily be destabilised. Cities are sprawling in an uncontrolled manner. **The Government has limited capacity and resources to address these challenges.** Through increased investment in urban planning, infrastructure and service provision Somali cities are likely to become more inclusive and develop their potential as engines for regional growth, while the legitimacy of the institutions will be enhanced.

## 1.2 Policy Framework (Global, EU)

The importance of sustainable cities is highlighted in the 2017 new **European Consensus on Development**<sup>4</sup>. In particular, it calls on the EU and its Member States to "boost the potential of cities as hubs for sustainable and inclusive growth and innovation, taking account of their wider rural communities and of balanced regional development". **The UN 2030 Agenda for Sustainable Development (2030 Agenda)** highlights the importance of urban development by dedicating Sustainable Development Goal (SDG) 11 to "Make cities inclusive, safe, resilient and sustainable" and indirectly targeting cities in a number of other SDGs. The 2030 Agenda is supported by key global commitments: the Sendai Framework on Disaster Risk Reduction, the UN Framework Convention on Climate Change and the Paris Agreement, and the Addis Ababa Action Agenda on Financing for Development. The New Urban Agenda (NUA) adopted at the 3<sup>rd</sup> UN Conference on Housing and Sustainable Urban Development, held in Quito, in October 2016, aims to "promote inclusivity and ensure that all inhabitants, of present and future generations, without discrimination of any kind, are able to inhabit and produce just, safe, healthy, accessible, affordable, resilient, and sustainable cities and human settlements, to foster prosperity and quality of life for all".

The **EU Commission Communication on "Lives in Dignity: from Aid-dependence to Self-reliance"**<sup>5</sup> lays out that addressing displacement in an integrated way requires three interconnected work streams: (1) considering the interaction between displaced populations and the existing conflict dynamics, (2) addressing the way in which service provision to

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<sup>4</sup> OJ C 210 of 30.6.2017.

<sup>5</sup> COM(2016) 234 final of 26.4.2016.

displaced populations can be strengthened and integrated into systems that equally reach host communities and (3) considering livelihood and resilience activities that can increase self-reliance and strengthen the socio-economic situation at local or regional level.

The programme contributes to the EU Gender Action Plan II 2016-2020<sup>6</sup>, in particular objectives 14 "Access to decent work for women of all ages" and 16 "Equal access and control over clean water, energy, transport infrastructure, and equitable engagement in their management, enjoyed by girls and women".

### 1.3 Public Policy Analysis of the partner country/region

This Action is aligned to the priorities stated by the government, notably in its first **National Development Plan (NDP) 2017-2019**, the **Recovery and Resilience Framework**, and **District Development Frameworks**. The NDP and the Somaliland Development Plan II (2017-2021) envision development and implementation of urban strategic development plans, spatial plans, urban regulatory frameworks and urban renewal, rehabilitation and expansion to facilitate development of inclusive and sustainable urban centres. With limited resources, the capacity of the government to implement these plans is limited.

As per the **2018 Drought Impact Needs Assessment (DINA)**, the needs in terms of Urban Development and Municipal Services are estimated to reach around USD 300 million. The documents highlight the need to facilitate the provision of basic services and accommodations, to strengthen the capacities of local institutions in particular in terms of spatial planning and investment planning, to promote inclusive area-based interventions catalysing economic development, including formal job creation activities and key infrastructure development. Mapping of and investment in connectivity gaps is another key part of the approach. An adequate focus is put on crisis-affected persons in urban settings, and the government has recently committed to promoting durable solutions through its commitments in the **Nairobi Comprehensive Plan of Action for Durable Solutions for Somali Refugees** and the development of a **National Action Plan for Durable Solutions**.

### 1.4 Stakeholder analysis

Key stakeholders as duty bearers in this Action will be:

- The ability of **local/district authorities** to deliver on their mandate is challenged by an overlap of responsibilities between the local and the central government and their limited ability to deliver services due to capacity and fiscal constraints.

And regarding direct beneficiaries as rights holders:

- **Community committees** are non-elected bodies. They are very influential but not always interested in more inclusive decision making, especially as regards women and Internally Displaced Persons (IDPs);
- **Women and people living in vulnerable situations like youth, IDPs, people with disabilities**. These different groups in general have limited access to income-generating activities and are excluded from decision-making processes and thus require specific measures to be able to participate in governance and to benefit from emerging economic opportunities and increased access to services;

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<sup>6</sup> Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020, SWD(2015)182 final of 21.9.2015.

### Other relevant stakeholders:

- **Civil Society Organisations (CSOs)** are active in the participation and governance arena as most of them work directly or indirectly to support the empowerment of marginalised and poor people and investment in development programmes;
- **The Private Sector and the Chambers of Commerce** are other relevant non-state actors, consisting mainly of large and medium-sized businesses. Large businesses belonging to the chamber have economic power that can translate into political power. In other words, large businesses have sufficient influence to support or block measures that are relevant to inclusive and equitable governance. Small businesses have a much lower level of influence. The Chambers could support businesses to speak with one voice;
- **Donors/international community** are generally perceived as supporting, on the one hand, the interests of poor people and citizens and, on the other hand, the interests of their own constituencies. Development in Somalia and Somaliland is perceived to be largely donor-driven.

### 1.5 Problem analysis/priority areas for support

Despite the challenges inherent to Somalia's context, appropriate investments in governance and infrastructure in strategic Somali coastal cities can significantly contribute to the development of efficient trade corridors, linking the Somali ports of Berbera and Mogadishu to the Ethiopian hinterland. Somali urban centres provide socio-economic opportunities and are relative safe havens from conflict as well as centres of resilience. The urbanisation rate is estimated to reach 4% per annum, which is one of the highest in the world and outstrips municipalities' coping capacities. On the other hand, the government's ability to manage urban areas is closely linked to perceptions of the state's capacity to deliver benefits to its people. Therefore, improved urban governance and municipal services are critical in the stabilisation process and in building trust in public institutions.

This Action fits within the EU broader territorial development approach in Somalia, geographically focused along four areas (or corridors). In order to maximise the impact of this Action, the support is focused on Mogadishu and Berbera, which have been selected mainly on the basis of these criteria:

- Inclusion in the "EU prioritised corridors";
- Importance for regional trade and potential for development;
- Urban growth;
- Potential of synergies with on-going or committed support to the cities;
- Accessibility;
- Regional balance in terms of support.

Mogadishu and Berbera are located within the Shabelle River Corridor and the Somaliland Corridor respectively. They play an important role in the regional economy and trade and are both projected to grow in importance with planned investments in the pipeline. They are critical from a political-economy perspective and offer sufficient accessibility. This choice allows us to build on on-going or committed interventions and takes into account absorption capacity.

As the capital city of Somalia, **Mogadishu** has a particular political significance and is by far the most economically important city of Somalia. Indeed, partly due to the geographic features of Somalia, it is the main port on the 1,700 km stretch from Kismayo to the furthest point of the Horn of Africa. Despite the poor conditions of the roads and the volatile security situation, Mogadishu is connected to most of the fertile regions of southern Somalia but also

the main trade corridors going to Ethiopia and Kenya. It is the largest seaport and as such a growing source of income for the Federal Government of Somalia (FGS) and Benadir Regional Administration/Mogadishu Municipality (BRA). Apart from the 15% share of the port's revenue, the city does not benefit yet from other fiscal transfers and locally generated revenue remains limited. It is expected that improvements in the financial management and the tax collection system will strengthen the fiscal space of the administration.

Mogadishu is the 5<sup>th</sup> largest city in the East African region with an estimated population of over 2.5 million residents that accounts for about one-quarter of Somalia's total population. Its annual growth rate is one of the highest in Africa (83% growth 2005-2015). At the same time, Mogadishu is also considered one of the most fragile cities in the world. As a result of years of conflict, no planned city extensions have been carried out and settlements have sprawled on the edges as a result. The sprawling area is almost 3/4 as large as the planned area. The high concentration of Internally Displaced People (IDPs) in Mogadishu, exacerbated by the recent drought, and the high youth unemployment make the creation of economic opportunities critical. Increased access to basic services and security is strategically vital in order to strengthen people's trust in the municipal government's ability to deliver services and therefore its legitimacy. IDPs are largely disconnected from the economic centres of the city partly due to poor connectivity.

BRA has prioritised the rehabilitation and construction of secondary roads with streetlights and an improved drainage network based on the equitable social, human and economic impacts expected. Indeed, such investments are expected to support economic growth, improve access to basic services, enhance security and foster social cohesion thanks to the provision of benefits to both host communities and displaced people. Despite a solid basic network of primary and secondary roads, the main network has either not caught up with the recently built up areas or been damaged due to conflict and lack of maintenance, leaving large areas without connections. In addition, drainage is insufficient to mitigate flash floods and to reduce water-borne diseases. Streetlights are in general missing, posing a significant challenge for the security of the city's inhabitants, particularly women and girls who face a heightened risk of sexual and gender-based violence.

**Berbera** is a small port city, with an estimated population of 45 000 residents on the coast of Somaliland, facing the Gulf of Aden. It has high economic potential and serves as an entry point for goods heading to Ethiopia. This is the economic centre of Somaliland and is about to assume a major role on the Red Sea Shipping route.

The largest employer in Berbera is the Port of Berbera, followed by small and medium enterprises engaged in livestock, fishery and trade. Berbera has a strong service sector accounting for 40% of Somaliland's GDP, followed by retail trade at 38.7%. However, it is estimated that 40% of the population are below the poverty line.

Berbera has an elected council headed by a mayor. The local council is mandated to provide basic services including basic health, education, utilities, waste management, and environmental conservation. Berbera District is amongst the few districts showing substantial progress in the delivery of social services (health and education). The Berbera Municipality Authority is generating its own resources and succeeds in providing services to the residents. The Municipality has by-laws to govern the city but these need to be reviewed and adapted to align to the changing context driven by a growing and expanding city but also expected increasing investments from development partners (notably UAE) but also from the private sector.

There has been important investment in the infrastructure sector during the last five years. Road networks, with adequate drainage connecting major markets and service facilities have been developed and market facilities expanded. Labour intensive approaches have been used and the multiplier effects have contributed to boosting the local economy growth.

In 2016, Somaliland and the UAE-owned company DP World signed a 30-year concession contract for the management and development of a multi-purpose port project. In addition, the UAE had been granted permission to use and refurbish the existing military facility at Berbera airport. All these investment opportunities are expected to rejuvenate the local economy and increasingly strengthen the city's strategic location as a gateway for the international transport corridor. As a result, many businesses are coming in or returning.

These recent developments have already led to an increase in construction and to widespread land speculation anticipating an urban boom. This positive development also raises concerns that social cohesion may be affected if inequality rises and previous inter-clan agreements are disrupted. Signs of extreme urban sprawling coupled with spatial imbalances and social exclusion are visible around the main highways leading into Berbera. To respond to this, Berbera Municipality Authority has embarked on the development of the Berbera Urban Master Plan. However, the plan has remained a draft since 2016 and did not take into account the growing strategic importance of the city. There is a need to support the participatory development of a Strategic Urban Development Framework and to create an enabling environment for its implementation.

Urban environmental management is one of the main priorities identified by the Berbera Municipality. Waste production in the district is growing fast and the dumpsites are not extended simultaneously. The residential area is now closer to the existing dumpsite exposing nearby residents to serious health risks and provoking complaints from the residents. The Department of Social Affairs (DSA) in the Mayor's office is in charge of the day-to-day management of solid and liquid wastes. An existing public-private partnership (PPP) arrangement is in place at the Berbera Port, where a private company collects garbage both from ships bringing and collecting goods to Somaliland, and from the port itself. The city has plans to move the dumpsite to another identified site 9 km east of the city. The city garbage collection processes an estimated 12 tons of garbage per day with a relatively high content of organic and combustible matter, although most of the waste is burned. The population is not recovering or recycling waste and there are no formal businesses involved in waste recovery/recycling activities, though there may be some businesses recovering iron/steel/copper informally. Waste production is expected to grow significantly with urban growth and increased port activity. The livestock quarantine in Berbera generates large amounts of manure, an untapped resource that could be used to generate biogas.

## 2 RISKS AND ASSUMPTIONS

Risk	Level	Mitigation measures
Lack of Somali ownership and political will, and political competition over scarce financial resources.	<b>M</b>	Consultation and regular communication with the Government at all levels as well as other relevant stakeholders; A collaborative approach adopted between implementing partners and relevant stakeholders (including government institutions at various levels) through a Memorandum of Understanding (MoU); Promotion of transparent processes;

		support the local authorities to take the lead in planning and implementation of the initiatives; To the greatest extent possible, make use and strengthen current country systems; support a clear exit strategy that will enable a sustainable handover by the end of the initiative.
Insufficient capacity of the local authorities to lead the implementation of the interventions and to ensure maintenance of the infrastructures rehabilitated.	<b>H</b>	Intensive capacity building and skills transfer through recruitment of qualified consultants and engineers,
Security continues to undermine the development efforts.	<b>H</b>	Promote an inclusive approach through community engagement – both at the planning and implementation stages; Monitor and redress potential grievances from communities and private sector; Closely monitor the security as well as the political developments; Ensure that up-to-date security information and assessment is taken into consideration in the implementation process.
Fiduciary risks – misappropriation of funds due to weak financial management and procurement systems, and corruption.	<b>M</b>	Continued support to improve the Public Financial Management System; Strict fiduciary control mechanisms built in, social accountability mechanisms promoted to facilitate identification of risks; Dedicated procurement financial management specialists; Use of Monitoring Agent and third party monitoring; Close coordination and project monitoring by EU; Established international partners are responsible for supervising and assuring that the implementation is carried out as planned; prior review and post review supervision of the procurement processes.
High turnover of the leadership and staff at the relevant ministries and within local government.	<b>M</b>	Signature of a MoU for joint implementation; Support the use of necessary tools that will contribute to build institutional memory; Support staff capacity building through e.g. internal trainings, validation of qualifications and improvement of HR systems in order to alleviate risk of staff turnover.
Limited capacity of local private sector and potential negative impacts on human rights and the environment..	<b>M</b>	Use of locally available and adequate technology and materials; Clear project requirements, specifications and guidelines comprising of both ethical aspects as well as practical aspects e.g. use of construction materials and technology; Capacity building of the tenderers on the procurement process; Use of international supervision firm to

		ensure that the required technical competence and financial capacity necessary to supervise the construction sites is up to standard; Rights-based approaches applied is applied across all aspects of the projects.
Resistance or reluctance among certain stakeholders towards the inclusion of women and marginalised groups.	<b>M</b>	Dialogue, coordination, sensitisation and collaboration on issues of gender equality and women's empowerment and social inclusion mainstreamed in all activities, with particular attention on women and girls from marginalised groups such as persons living with disabilities, ethnic minorities, IDPs and refugee-returnees.
Loss of livelihoods due to construction works displacing micro-businesses in affected areas. Potential risk of evictions due to increased land prices as a result of rehabilitated roads. Increased social tensions and higher incidence of Gender Based Violence (GBV).		Social impact assessment and mitigation measures implemented; Set-up of grievances redress and feedback mechanisms; Adoption of a code of conduct; Continued monitoring of GBV risk; Implementation of relevant safeguarding instruments (Environment and Social Management Frameworks, Resettlement Policy Framework, Environment and Social Management Plans and Abbreviated Resettlement Action Plans), capacity-building of local authorities to conduct risk mapping and prevent as well as respond to evictions.
<b>Assumptions</b> The assumptions for the success of the intervention and its implementation include: <ul style="list-style-type: none"> <li>• The Government of Somalia and the civil service remain committed to establishing a policy, regulatory, and institutional framework conducive to urban development;</li> <li>• Continuation of the peace and state building processes resulting in increased institutional and political collaboration between the different levels of government;</li> <li>• The Government continues to improve financial governance, transparency and accountability and refrains from detrimental interventions or legislations;</li> <li>• The security, political, social and environmental situation permits appropriate access to the targeted geographic areas and communities.</li> </ul>		

### 3 LESSONS LEARNT AND COMPLEMENTARITY

#### 3.1 Lessons learnt

The World Bank identifies several lessons in their engagement in urban development in Somalia through the Multi-partner Trust Fund. The use of country systems contributes to building the capacities of the authorities to plan and manage assets and deliver services, which leads to increased legitimacy of the Government. Applying area-based approaches that take into account the needs of various different groups helps building social cohesion and prevents tensions between groups such as IDPs, returnees and host communities. Participatory decision-making also contributes to building social cohesion, increasing ownership and improving relations between government and citizens, leading in turn to stronger sustainability.

According to a recent report produced by the Research and Evidence Facility under the EUTF<sup>7</sup>, IDPs in Mogadishu feel excluded from the city and many would prefer to return to their areas of origin but the prospects of returning are few due to prevailing insecurity and loss of livelihoods. Due to the lack of security, poor living conditions and absence of clan protection internally displaced women and girls, persons with disabilities and ethnic minorities face higher risks of being victims of GBV and sexual exploitation in the cities.

The final evaluation of the EU funded *Sustainable Employment Creation and Improved Livelihoods for Vulnerable Urban Communities* (SECIL) project, implemented by UN-Habitat, in Mogadishu recommended to include considerations of access for persons with disabilities and other persons living in vulnerable situations in the design phase. Focus on mainstreaming efforts such as ensuring that infrastructure is accessible to the disabled can broaden the impact of projects.

Economic growth does not translate automatically into poverty reduction. Specific efforts need to be made to facilitate a more inclusive growth. Vested interests are likely to play a disruptive role unless risks are managed properly. Special attention should be paid to increase young people and women's access to traditional and non-traditional jobs. In addition, labour-intensive approaches have shown multiplier effects that boost local economic growth.

### **3.2 Complementarity, synergy and donor coordination**

The EU broader territorial development approach requires a strong coordination of all instruments supporting security, stabilisation, institution building, economic development and protection of those people living in the most vulnerable situations. This Action is expected to strengthen both the humanitarian-development nexus and security-development nexus.

In particular, the Action is expected to strengthen the security-development nexus by complementing the recently approved EUTF programme on "*Enhancing Security and Rule of Law*" and contribute to the implementation of the Transition Plan. It will be reinforced by 3 on-going Common Security and Defence Policy (CSDP) missions: EUCAP, EUTM and EUNAVFOR but also by the EU "*Port Security and Safety of Navigation in Eastern and Southern Africa and the Indian Ocean*" programme which aims at improving port security and the safety of navigation, and from which Somalia will benefit. It will further be supplemented by interventions supported by the Multi-donor Somali Stability Fund (SSF), IcSP (Instrument contributing to Stability and Peace)-funded interventions, the USAID "*Transition Initiatives for Stabilisation*", and the UK's "*Early Recovery Initiative*". Finally, the UNDP's "*Rule of Law Programme*" will help mitigating potential disputes.

The Action is designed to complement in particular the EU funded "*Inclusive Local and Economic Development*" (ILED) Programme, thanks to its focus on the sustainable development of the two urban coastal cities. ILED will have a stronger focus on stabilisation and local governance, the support to productive value chains, diversifying the economy and creating a more conducive environment for private sector development. ILED will also contribute to setting up a social transfer system. Specific effort to facilitate the coordination will be made.

The Action will directly benefit the foreseen investment of Qatar in the rehabilitation of roads from Mogadishu towards Afgoye and Jowhar. In addition, the EU *Somalia Regional Corridors Infrastructure Programme* (SRCIP) that contributes to improving road connectivity

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<sup>7</sup> "Return and (Re) Integration after Displacement Belonging, Labelling and Livelihoods in Three Somali Cities", Research and Evidence Facility (2018), [https://ec.europa.eu/trustfundforafrica/all-news-and-stories/return-and-reintegration-after-displacement-belonging-labelling-and-livelihoods\\_en](https://ec.europa.eu/trustfundforafrica/all-news-and-stories/return-and-reintegration-after-displacement-belonging-labelling-and-livelihoods_en)



will also reinforce this Action. Further coordination will be sought with the projects supported under the World Bank Multi Partners Trust Fund, as well as with the *UN Joint Programme for Local Governance* (JPLG) which is supporting the development of capacities of the district authorities in the two targeted areas and improving urban planning in Mogadishu and the *Youth Employment Programme* as well as EU and other donor partners' resilience and durable solutions projects.

The Action will likely be further reinforced by the support to Public Finance Management and the EU Budget Support programme, which aim to strengthen country systems and enhance the relations between the Federal Government of Somalia and the sub-national authorities.

In Mogadishu, the Action will benefit directly from the on-going work of UN-Habitat on urban planning and strategic spatial planning, use community institutions set up at the district level by the TIS+ (Transition Initiatives for Stabilization Plus) project to carry-out consultations. It will build upon lessons learned and mechanisms tested under the Special financing facility for Local Development and use some of the feasibility studies prepared for the Somali Urban Investment Planning Programme (SUIPP), the Trunk Drainage Master Plan as well as a Road Connectivity Assessment for Mogadishu. The Action will also facilitate linkages with the EU funded "The BRIDGES" project that has trained young Somalis in road construction and solar energy infrastructure maintenance.

In Berbera, the Action will use the data collected for the initial Urban Master Plan foreseen and analytical work performed. Impact will be further enhanced by the foreseen investment by DP World not only in the port's development but also in service delivery and connectivity and by investments made under the Somaliland Development Fund.

The principal coordination mechanism at the national level will be the Somalia Development and Reconstruction Facility (SDRF) and the various Pillar Working Groups, which serve as the centrepiece for the partnership and mutual accountability between the government and international community for implementing the Somalia National Development Plan (NDP), in line with the principles of the New Partnership for Somalia (NPS). The Federal Government has recently dedicated a sub-working group on urban development within the revised aid architecture, which is expected to facilitate dialogue among key stakeholders.

The Somaliland Government is in the process of establishing a donor coordination framework for its National Development Plan II, which was finalised in 2017. Once the coordination framework is finalised, the programme will utilise it for information sharing and building synergies with relevant donors and programmes.

At the local level, the implementing partner will ensure strong leadership of the government and will facilitate coordination with local actors, particularly civil society organisations representing women, youth, IDPs and persons living with disabilities. Targeted discussions with other key donors engaged in Berbera and Mogadishu will be ensured. The Berbera Economic Forum, a platform for business people, and the Association of Local Government Authorities of Somaliland, which benefit from EU support through the Netherlands Association of Municipalities (VNG), can facilitate the promotion of good practices and discussions around public-private partnerships. This dialogue will also include civil society organisations representing a wide range of right holders.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Overall objective, specific objective(s), expected outputs and indicative activities**

The **overall objective** is to contribute to the stabilisation of Somalia and inclusive and sustainable urban development of the regional growth nodes Mogadishu and Berbera.

**Specific objective 1:** Improved strategic and inclusive urban development planning and local governance in Mogadishu and Berbera.

**Specific objective 2:** Improved municipal investments in enabling infrastructures and service delivery.

**Specific objective 3:** Improved decent work and business activity in the cities with a particular focus on women and those people living in the most vulnerable situations.

#### **Result 1: Enabling tools and capacities for urban development and infrastructure investments created**

The intervention will build the capacity of local authorities in gender responsive and rights-based investment planning and management so they can better plan and improve the urban environment.

**In Mogadishu,** the Action will further pilot the use of country systems and strengthen BRA capacity to plan and deliver infrastructure. BRA will have the overall responsibility for project implementation. Indeed, the Project Implementation Unit (PIU) established within BRA/Mogadishu Municipality through the MPTF Somali Urban Investment Planning Project (SUIPP) will be in charge of the implementation of the project and thus will receive capacity building through on-the-job training thanks to this intervention. This intervention will also facilitate knowledge transfer to the wider municipal staff through the twinning of PIU staff with their municipal counterparts. The activities foreseen include:

- Strengthening of BRA capacity to better plan the rehabilitation of critical roads and drainage systems, in a climate resilient, gender sensitive and rights-based manner, and including support to the design of roads, provision of engineering supervision and management of community consultations;
- An environment and social safeguard screening of all infrastructure investments and preparation of any necessary safeguard documents will be prepared to ensure (i) there are no negative environmental impacts; (ii) any people whose properties or livelihoods impacted by the construction/investment are adequately compensated; and (iii) adequate labour management policies are in place for the construction and that contractors sign a code of conduct;
- Community mobilisers will be engaged by the PIU to ensure the unskilled labour used in this project are selected in a participatory manner and opportunities are provided to women, youth and vulnerable members of the population. Efforts will also be made to utilise the graduates of the EU funded "THE BRIDGES" Technical and Vocational Education and Training (TVET) project trained in road construction and solar lighting as well as engineers that were trained under the USAID-funded TIS+ project to the greatest extent possible to leverage on-going projects;
- Capacity building to the PIU on engineering, financial management, procurement and environmental and social safeguards (based on needs identified through the SUIPP institutional assessment) including impact of the project on gender equality, women's empowerment and any potential adverse effects on human rights;
- Training and equipping of BRA units responsible for infrastructure maintenance. This will build on the World Bank's planned technical assistance on Operation and Maintenance;

- Help BRA develop and improve guidelines for the formation process and composition of Maintenance Committees and strengthen the capacity of these Maintenance Committees to take on their role of informing the municipal government of maintenance needs and mobilising and engaging community members for day-to-day maintenance such as gutter clearance as required;
- Support to better coordination of the committees' activities;
- Establishment and implementation of a grievance redress and feedback mechanism related to project activities. This would include the formation of Grievance Redress Committees composed of community members in order to address any project related grievances that may arise.

In **Berbera** the intervention will strengthen the capacity of the municipality in terms of urban planning and will create a more conducive and inclusive environment for investments. The waste management services will be improved through strengthened planning and development of key policies and regulatory frameworks, including potential establishment of public-private partnerships that will ensure effective and efficient management and increased revenue for the municipality. The activities foreseen include:

- Support the City Development Strategy for Berbera, through an inclusive and participatory process involving local communities, the private sector, local and central government and civil society actors (including those representing the most left behind);
- Development of a Spatial Strategic Plan that outlines growth directions, investment areas, main land uses and protected areas for the next 10-15 years. As part of the Spatial Strategic Plan, a Berbera Economic Development Strategy will provide economic analysis to inform city extension and urban development;
- Strengthen the Municipal Development Forum/Berbera Economic Forum which will enhance economic development and to support Berbera local authority to create an enabling environment for the private sector development;
- Strengthen urban land management through the implementation of a building permit system and improved public property management (including environmental sensitive areas and solid waste facilities);
- Develop and support implementation of a plan to strengthen the delivery of waste management services in Berbera, including bio-medical waste, across the city and improve opportunities for poor households to get access to the services and related economic opportunities. The use of the already established GIS-based property taxation system will be explored to collect municipal revenue for garbage collection from the properties;
- Support the development of city waste management policy, regulatory framework and public-private partnership frameworks for garbage collection and waste management.

## **Result 2: Infrastructure and service delivery improved**

In **Mogadishu** the project will directly contribute to the rehabilitation of approximately 13-17 km of urban and community roads along with rainwater drainage and streetlights in selected areas of Mogadishu. Through the World Bank Multi-partner Trust Fund Somalia Urban Resilience Programme (SURP), a feasibility study was conducted for 47 community roads and a preliminary design prepared for 31 of them. In addition, a feasibility study and preliminary designs were prepared for 4 urban roads (17km). The Environmental and Social Management Framework for these investments is already prepared. With the funding already available, the World Bank will rehabilitate 19 of these community roads (but without street

lighting). This intervention will cover the rehabilitation/construction of the remaining 12 community roads (9.8 km in 10 districts and one priority urban road (3.1 km). In addition, the funding will support the preparation of the detailed engineering designs and rehabilitation of some inter-connecting roads that can enhance connectivity of the priority community roads to key socio-economic facilities and road networks in the city. These will be rehabilitated in a climate resilient, rights-based and gender sensitive manner. The additional connecting roads have already been prioritised based on detailed multi-criteria analysis under the World Bank funded Road Connectivity Assessment which included a community participatory decision making process. The activities foreseen include:

- Preliminary and detailed design including site-specific Environment and Social Management Plan (including grievance system and human rights due diligence);
- Road construction and rehabilitation of key community and urban roads in Mogadishu using labour intensive methods;
- Road rainwater drainage in prioritised areas based on the Mogadishu Trunk Drainage Master Plan which was developed by the World Bank;
- Streetlights along the supported roads in Mogadishu.

The approach chosen for the construction of the community roads contributes to the circular economy. Indeed, the road paving material used (either precast concrete interlocking paving blocks or other labour intensive road surfacing) is reducing use of machinery with higher labour input. It is therefore more labour intensive than in the construction of asphalt/bitumen pavement. The construction materials are mainly locally available sands and aggregates and of course the concrete pavers. The manufacturing process for the concrete pavers is also environmentally friendly with minimum use of energy and motorised equipment. Finally, concrete pavers are easier to maintain by the community, as it does not require any imported material or technology/equipment to repair damaged sections. Broken pavers can also be chiselled, reshaped, and reused.

In **Berbera**, this component will focus on strengthening the management of the urban environment through support to an improved waste (solid and bio-medical) management system. The activities foreseen will be aligned with the City Development Strategy and Spatial Strategic Plan. Sustainability will be ensured through an approach that is based on private sector participation, both for garbage collection and the management of the new landfill site to be established under the project. The activities foreseen include:

- Conduct an assessment of the economic and environmental efficiency and effectiveness, as well as the social impact, of the existing waste management system and facilities;
- Undertake a feasibility study and detailed design for the closure of the existing dumpsite and establishment of the new site;
- Support the closure and environmental rehabilitation of the existing dumpsite;
- Creation of an engineered dumpsite in a strategically selected location;
- Construction of a feeder road that connects to the new dumpsite;
- Support urban environmental awareness campaigns.

By incentivising greater recycling and reuse, the intervention will bring benefits for both the environment and the economy and is promoting circular economy.

### **Result 3: Livelihood opportunities for women and young urban poor and IDPs created**

The project will support the creation of both short-term income-generating opportunities through labour intensive approaches and longer-term decent job opportunities. Specific

measures will be taken to ensure IDPs, poor and marginalised and host communities, particularly women and female-headed households benefit from the Action.

By applying a labour intensive approach in the rehabilitation of community and urban roads in selected areas of **Mogadishu**, the intervention will contribute to the direct creation of short-term income generation opportunities (at least 45 000 person days of job created). Indeed, the road construction will use precast concrete interlocking paving blocks or other labour intensive methods. Community mobilisers will be engaged for the facilitation, negotiation on the selection criteria of the people who will take part in manual labour and specific contractual measures will be taken to ensure that part of the population of the targeted communities, including IDPs, refugee-returnees and people living in the most marginalised situations benefit from the livelihood opportunities. In addition, some community members will benefit from construction skills training so that they can engage in semi-skilled labour for higher income. Finally, the selection criteria of the roads entail an evaluation and consequent ranking of the socio-economic benefits of the road investment. Therefore it is expected that the investment will further contribute to generate economic opportunities.

In **Berbera**, various initiatives to support youth employment and entrepreneurship, particularly for young women and people from marginalised groups, will be explored and the circular economy will be promoted. The activities foreseen include:

- Facilitate and promote private sector engagement in recycling and re-usage of materials through the implementation of investment projects identified in the City Development Strategy, such as the support of setting up a business incubator;
- Support to long-term employment opportunities within the waste management/recycling sectors by providing skills training on waste management and/or entrepreneurship, etc.;
- Support to the launch and development of business activities in waste management and recycling, including carrying out feasibility studies, supporting business advisory services to prepare business plans, technical/engineering, access to finance and non-financial services;
- Create short-term job opportunities by supporting clean-up campaigns in the city, the harbour and the beach.

## **4.2 Intervention Logic**

Somalia is going through a peace and state-building process and faces several challenges in terms of insecurity, good governance and poverty reduction. The State has limited reach and the Government lacks capacities and resources to ensure inclusive access to services and livelihood opportunities. By providing the enabling tools and capacities needed for urban planning and strategic investment while decent work is promoted, particularly for groups experiencing vulnerabilities, inclusive urban development will be facilitated and access to services improved significantly. This hinges on the assumption of a continued commitment from the Government and civil service to work with the international community to promote decent jobs and services delivery. The commitment showcased by the local, regional and federal levels of government during the identification process is testament that this assumption is realistic.

Improving strategic and inclusive urban development planning and local governance and expanding municipal investments in enabling infrastructures and service delivery, while increasing opportunities for decent work and business activities in the cities is expected to contribute significantly to the stabilisation of Somalia and inclusive and sustainable urban development of Mogadishu and Berbera. To achieve this, there is a need for continued

progress in terms of the peace and state-building process to ensure inclusive development in Somalia. Mogadishu has shown impressive resilience since its liberation and transformed significantly, while Berbera has proven that its ability to collect revenues and deliver services, which is why the two cities are showing promising signs of stabilisation and development that encompasses women and those people living in the most vulnerable situations.

#### **4.3 Mainstreaming**

Gender, human rights, inclusivity and conflict sensitivity (Do No Harm), environmental and climate change will be crosscutting issues central for this Action. Creating opportunities for youth and women will be a particular focus, given their political, social and economic marginalisation. Assessments of the needs and opportunities of both will be undertaken and recommendations followed. Giving women more access to finance, labour participation, and educational opportunities is likely to have a disproportionate impact on alleviating poverty. Youth and women's associations will be consulted and engaged in planning and decision-making and specifically targeted in income generating opportunities supported by the intervention. The programme will also respond to the development needs of the displaced – both IDPs and returnees – and of their host communities. Implementing partners will work with authorities to promote their socio-economic inclusion. Impact on these specific groups will be measured. A grievance redress and feedback mechanism to address any concerns affected people may have will be established. It is expected that road rehabilitation and street lighting will contribute to a safer environment and facilitate access to basic services including security. Increased capacity of BRA to plan the road network will help them analyse security threats and implement mitigation measures (road-checkpoints, crash-resistant bollards, barriers, surveillance cameras, etc.).

Migration to urban centres in Somalia is one of the main coping mechanisms of Somalis during climate shocks but this is not yet taken into consideration in terms of urban planning. Given the high vulnerability of Somalis to natural disasters, climate change and environment and displacement will be important crosscutting issues addressed by the programme. Indeed, the Action will contribute to integrating climate risk, environmental hazards and vulnerability assessments in policy development and planning. By supporting better waste management and rainwater drainage, the Action will have a direct positive environmental impact and contribute to climate change mitigation and adaptation. The better drainage will contribute to mitigate flash floods, and prevents roads from getting damaged. Proper flood management will alleviate the exposure of the urban poor to flash floods as they often live in precarious areas.

#### **4.4 Contribution to SDGs**

This intervention is relevant for the UN 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 11 – "Make cities inclusive, safe, resilient and sustainable", SDG 5 – Achieve gender equality and empower all women and girls, SDG 8 – "Promote inclusive and sustainable economic growth, employment and decent work for all", and SDG 9 – "Build resilient infrastructure, promote sustainable industrialisation and foster innovation". SDG 13 – "Climate action" – will also be targeted.

The Action will contribute to achieving these goals directly as well as interlinkages between the expected results that will contribute to this end. Supporting improved urban planning and investments in infrastructure will strengthen economic opportunities for the urban population through more employment opportunities, which will also lead to poverty reduction through inclusive economic growth.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

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

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of the entry into force of this financing agreement.

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

### **5.3 Implementation of the budget support component**

N.A.

### **5.4 Implementation modalities**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.<sup>8</sup>

#### *5.4.1 Indirect management with an international organisation (World Bank)*

A part of this Action may be implemented in indirect management with the World Bank.

This implementation entails carrying out the activities in Mogadishu listed under section 4, Results 1-3. The envisaged entity has been selected using the following criteria: combination of operational capacity and the value added of the entity. The Multi-partner Fund for Somalia managed by the World Bank is now fully operational and the World Bank has a unique implementation capacity with regards to the use of country system. This modality will contribute to enhancing the Government visibility and therefore its legitimacy and to strengthening the PFM, project planning and implementation capacity of the government. Therefore it can be an important instrument to prepare sub-national governments for possible inter-governmental capital fiscal transfer in the future. The Somalia Urban Resilience Programme has been approved by the SDRF and builds on previous and on-going other interventions

#### *5.4.2 Indirect management with an international organisation (UN Habitat)*

A part of this action may be implemented in indirect management with the UN-Habitat<sup>9</sup> (United Nations Human Settlements Programme). This implementation entails carrying out the activities in Berbera listed in section 4 under Results 1-3. The envisaged entity has been selected using the following criteria: combination of operational capacity and the value added of the entity. UN-Habitat has a specific operational expertise and experience in urban development and local governance in Somalia and has been supporting Berbera municipality to prepare their first urban plan and also to review the gaps of the recent draft urban master plan. They also have a strong local and international expertise in waste management.

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<sup>8</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

<sup>9</sup> Reinforced pillar assessments were recently completed.

## 5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply 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 products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## 5.6 Indicative budget

Component	EU contribution (in EUR)
5.4.1 Indirect management with World Bank	15 000 000
5.4.2 Indirect management with UN-Habitat	7 500 000
5.9 Evaluation, 5.10 Audit	300 000
5.11 Communication and visibility	200 000
<b>Total</b>	<b>23 000 000</b>

## 5.7 Organisational set-up and responsibilities

The intervention in Mogadishu will be implemented on behalf of the Federal Government of Somalia by the Benadir Regional Administration/Mogadishu Municipality using proceeds from the World Bank Multi-partner Trust Fund through a Grant Agreement with the Bank. As per the Grant Agreement signed between the Bank and the Ministry of Finance, the federal government will have oversight of the project. The Municipality will, however, have overall responsibility for project implementation. A Project Implementation Unit (PIU) has already been established within the BRA under the SUIPP and reports to the Mayor of Mogadishu.

The PIU will have project management responsibility, coordinating overall project implementation, ensuring the timely availability of fund transfer to contractors, implementing the Abbreviated Resettlement Action Plans and Environment and Social Management Plans and ensuring continuous community outreach and consultation, maintaining project accounts and producing financial reports, monitoring and evaluating programme implementation and impacts, developing and implementing the grievance redress and feedback mechanism and reporting results to various stakeholders. The PIU will be supported by a contracted supervision agent who will be responsible for monitoring the contractors of the civil works. The World Bank will carry out a prior review and post review of procurement actions. The PIU will also be supported by an independent Monitoring Agent that has been contracted by the Bank to provide monitoring support of all projects in the Bank portfolio. The EU Delegation will participate in the supervision missions foreseen twice a year and in donor briefings facilitated by BRA.

An agreement of cooperation will be signed between UN-Habitat and Berbera Municipality describing the activities and defining the roles and responsibilities. UN-Habitat will provide technical expertise and coordinate the implementation. The municipality will be in charge of some of the procurements in particular the ones linked to waste management.



A Project Steering Committee will be set-up. It will be responsible for reviewing the overall policy and strategic directions of the project, monitoring the overall performance and coherence between the different components, as well as ensuring the coordination with other relevant stakeholders. The effective implementation of gender mainstreaming and rights-based approach will also be monitored. It will also provide guidance as appropriate and will analyse the progress reports. It will meet annually twice a year and will indicatively consist of representatives of the EU Delegation, UN-Habitat and Berbera Municipality. Ministries of Interior, Public Works and Planning will be involved in the steering committee. The final composition of the steering committee will be confirmed once the programme is operational.

## **5.8 Performance and Results monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Log frame matrix (for project modality). SDG indicators and, if applicable, any jointly agreed indicators, for instance Joint Programming document, should be taken into account.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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

## **5.9 Evaluation**

Having regard to the importance of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted via an implementing partner.

A mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the need to ensure complementarity with planned interventions by EU and other partners.

A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), to ensure that lessons learned and recommendation for future similar actions in other locations in Somalia are recorded.

The evaluation reports shall be shared with the partner country and other key stakeholders. 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.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in 2022.

## **5.10 Audit**

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 audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

## **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures, which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that a contract for communication and visibility may be contracted under a framework contract.

## APPENDIX - INDICATIVE LOGFRAME MATRIX<sup>10</sup>

	Results chain: Main expected results	Indicators	Sources of data	Assumptions
<b>Impact (Overall Objective)</b>	<b>Overall objective:</b> contribute to the stabilisation of Somalia and inclusive and sustainable urban development of the regional growth nodes Mogadishu and Berbera.	<ol style="list-style-type: none"> <li>1. Fragile State Index (FSI) Score.</li> <li>2. Mo Ibrahim Index of African Governance ((IIAG) Score C- GDP per capita (Current USD).</li> <li>3. Annual GDP growth rate (%). (**EU RF 1.13)<sup>11</sup></li> <li>4. Unemployment rate (disaggregated by sex, age, disability, migratory status, income quintile). (**EU RF 1.14)</li> </ol>	<ol style="list-style-type: none"> <li>1. FSI Score on <a href="http://fundforpeace.org/fsi/country-data/">http://fundforpeace.org/fsi/country-data/</a>.</li> <li>2. IIAG Score on <a href="http://iiag.online">http://iiag.online</a>.</li> <li>3. GDP per capita on <a href="https://data.worldbank.org/indicatorGDP">https://data.worldbank.org/indicatorGDP</a> per capita on <a href="https://data.worldbank.org/indicatorcountry/somalia">https://data.worldbank.org/indicatorcountry/somalia</a></li> <li>4. Unemployment Rate (NDP).</li> </ol>	
<b>Outcomes (Specific Objectives)</b>	<b>Specific objective 1:</b> support strategic urban development planning and local governance.	SO1: Status of regulations in the field of waste management. (**EU RF 2.25) SO2: Status of procedures of the municipality on management of investments. (** EU RF 2.12) SO3: Status of a set of investment programmes for the both municipalities.	Project reports and evaluation reports.	The Government of Somalia and civil service remain committed to establishing a policy, regulatory, and institutional frameworks. The government has and implements a dedicated policy for roads and for waste management.

<sup>10</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

<sup>11</sup> <http://ec.europa.eu/transparency/regdoc/rep/10102/2018/EN/SWD-2018-444-F1-EN-MAIN-PART-1.PDF>, Annex 2

	<b>Specific objective 2:</b> improved municipal investments in enabling infrastructure and service delivery.	SO4: Annual average daily traffic (vehicles /day). SO5: Average speed on rehabilitated roads (km/h). SO6: Number of people with access to all season roads within a 500-meter range, by sex and migratory status. SO7: Percentage of beneficiaries satisfied that infrastructure met their needs, by sex, disability and migratory status. SO8: Proportion of urban solid waste regularly collected and with adequate final discharge out of total urban solid waste generated (SDG 11.3.2). SO9: Percentage of households covered by solid waste management services in Berbera, disaggregated by household type (male/female headed), migratory status and income percentile. SO10: Tonnes of waste recycled. SO11: Cubic metres of bio-fuel generated.	Project reports and evaluation reports.	Continuation of the peace and state building processes.  No negative impact of any potential deterioration of the security situation. Roads maintenance works are planned and budgeted for the longer-term.  The new waste management system / dumpsite / biofuel facility are operating efficiently.
	<b>Specific objective 3:</b> improved decent work and business activity in the cities with a particular focus on women and those people living in the most vulnerable situations	SO12: Number of long-term decent jobs created, jobholders disaggregated by sex, age, and migratory status. SO13: Number of businesses started within waste management or bio-fuel generation. SO14: Level of household incomes among marginalised community members, disaggregated by household type (i.e. female/male headed household). SO15: Amount (EUR) of new investments contributing to sustainable urban development in Berbera.	Project reports and evaluation reports.	The security, political, social and environmental situation permits appropriate access to the targeted geographic areas and communities.  Stability of road maintenance and waste management sectors and businesses.
Outputs (results)	<b>Output 1:</b> enabling tools and capacities for urban development and infrastructure investment created.	O1.1: Number of project and government staff formally trained, disaggregated by type of the training and sex and age, and place / institution. (EU RF 2.15). O1.2: Status of the vision and city development strategy in Berbera and to what extent they contribute to gender equality and ensure that people have equal access to services. (** EU RF 2.25). O1.3: Status of the Spatial Development plan of Berbera. O1.4: Status of the building permit system in Berbera	Project reports, perception surveys and assessment of the municipality.	The staff & officials are available and willing to learn, and have a framework for in-service training.  The draft strategies and guides are accepted and endorsed by the municipalities / government.

		<p>O1.5: Status of community members consulted disaggregated by sex and migratory status.</p> <p>O1.6: Status of the guidelines for Maintenance Committees.</p>		
	<p><b>Output 2:</b> infrastructure and service delivery improved.</p>	<p>O2.1: Kilometres of secondary roads with rainwater drainage constructed or rehabilitated. (** EU RF 2.16)</p> <p>O2.2: Kilometres of road equipped with adequate streetlights. (** EU RF 2.16)</p> <p>O2.3: Number of participants in functioning Maintenance Committees, disaggregated by sex and migratory status.</p> <p>O2.4: Number / capacity (volume) of environmentally engineered dumpsites created.</p> <p>O2.5: Kilometres of feeder road to the dumpsite constructed. (** EU RF 2.16)</p> <p>O2.6: Number people reached by environmental awareness campaigns.</p> <p>O2.7: Number of strategic capital investment projects unlocking local economic potential derived from the city development strategy identified and</p> <p>O2.8: Number of people (disaggregated by sex) with access to all season roads with EU support (EU RF) designed.</p>	<p>Project reports and evaluation reports.</p>	<p>Local Human Resources and physical resources are satisfactory for the performance and for planning maintenance.</p> <p>Municipalities abide to the recommendations of the Maintenance Committees.</p> <p>Regulatory issues, permits and certification are efficient to allow tendering and completion of works.</p>
	<p><b>Output 3:</b> livelihood opportunities for young urban poor and IDPs generated.</p>	<p>O3.1: Person days of employment created, disaggregated by sex, age and migratory status. (** EU RF 2.11)</p> <p>O3.2: Number of scholarships for youth supported, disaggregated by sex, age and migratory status.</p> <p>O3.3: Number of business start-ups and investors supported with feasibility studies, business advisory services, technical/engineering, access to finance and non-financial services.</p> <p>O3.4: Proportion of employed urban poor and IDPs earning an average income of more than USD1.50 per day (disaggregated by sex).</p>	<p>Project reports and evaluation reports.</p>	<p>The recruitment and on-the job training for construction works is perceived positively by women and people living in the most vulnerable situations, IDPs and locals.</p> <p>The business confidence is growing and allows the investors to handle the business risks</p> <p>The regulatory environment is conducive for business in terms of protection of property and equity, contract law and alternative disputes, equal access to market and avoiding political economy to protect market and competition.</p>



# EN

This action is funded by the European Union

## ANNEX 3

on the financing of the Commission Decision on the Annual Action Programme 2019 – part 1 in favour of Eastern Africa, Southern Africa and the Indian Ocean to be financed from the 11th European Development Fund

### Action Document for Regional Technical Assistance Facility for Digitalisation for Development (D4D) & Infrastructure

<b>1. Title/basic act/ CRIS number</b>	Regional Technical Assistance Facility for Digitalisation for Development (D4D) & Infrastructure CRIS number: RSO/FED/041-880 financed under the 11 <sup>th</sup> European Development Fund (EDF)			
<b>2. Zone benefiting from the action/location</b>	East Africa - Southern Africa - Indian Ocean Region (EA-SA-IO) countries			
<b>3. Programming document</b>	Regional Indicative Programme (RIP) 2014-2020 for Eastern Africa, Southern Africa and the Indian Ocean			
<b>4. Sustainable Development Goals (SDGs)</b>	Goal 8: "Promote inclusive and sustainable economic growth, employment and decent work for all"; Goal 9: "Build resilient infrastructure, promote sustainable industrialization and foster innovation"			
<b>5. Sector of concentration/ thematic area</b>	Regional Economic integration		DEV. Aid: YES	
<b>6. Amounts concerned</b>	Total estimated cost: EUR 14 000 000 Total amount of EDF contribution: EUR 14 000 000			
<b>7. Aid modality and implementation modality</b>	Project Modality Direct management through: - Procurements			
<b>8 a) DAC codes</b>	220 - Communications 210 – Transport and Storage			
<b>9. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Gender equality (including Women In Development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>10. Global Public Goods and Challenges (GPGC) Thematic flagships</b>	N/A			

## SUMMARY

The Technical Assistance Facility for Digitalisation for Development (D4D) & Infrastructure Programme's main objective is to improve both physical and digital interconnectivity for countries of the EA-SA-IO region. It will contribute to broad and inclusive growth and prosperity through the creation of interconnected infrastructure networks that respond to the notion of quality infrastructure.

The action will do so by supporting the establishment of a Regional Technical Assistance Facility (TAF) for Digitalisation for Development (D4D) and Infrastructure which will have the specific objective of stimulating investments through the development of bankable projects (for financing) and assisting in developing sound policies in the two sectors. The action is fully aligned with the Regional Indicative Programme of the EA-SA-IO region and the activities will focus on (i) stocktaking of the sectors situation, prioritisation of the needs and coordination of activities, (ii) supporting the institutional stakeholders in the prioritisation identification, appraisal, formulation and preparation of bankable and quality investment projects to be submitted to Financing Institutions and (iii) capacity building in national and regional sector institutions to improve staff knowledge in project planning, preparation, supervision, management and in the maintenance of the investments, including in the setting up of sound sector strategies, policies and regulations at governance level.

The European Fund for Sustainable Development (EFSD) guarantee and blending facilities for Africa, constituting together the Africa Investment Platform under the External Investment Plan (EIP), will directly benefit from the project portfolio prepared under the TAF, in terms of clearer, better drafted projects, already prioritised and agreed at regional level.

This action will contribute to the Global Investment Technical Assistance Facility (GITAF) of the EIP.

# **1 CONTEXT ANALYSIS**

## **1.1 Context Description**

The EA-SA-IO region comprises 26 African countries, which are members of one or more of the following five Regional Organisations: Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Intergovernmental Authority on Development (IGAD), Indian Ocean Commission (IOC) and Southern African Development Community (SADC); all of them Duly Mandated Regional Organisations (i.e. DMROs) for the EDF.

Infrastructure is responsible for more than half of Africa's growth performance and has the potential for even more in the future. In this context, sustainable interconnected networks and transport systems play a fundamental role. In the EA-SA-IO region, infrastructure investment remains critical to sustaining strong growth, through trade, economic diversification and structural transformation.

The development of Digital and Transport infrastructures is key for growth in productive and service sectors, as reiterated by the Joint Africa-EU Strategy reference group on infrastructure, which met in April 2017. The role of balanced and predictable policy and regulatory environment is also crucial and the needed sound (technical, economic, environmental and social) investments should be backed up by the development of a fair and enabling environment.

Full and inclusive access to digitalisation generates economic growth and wider social benefits through more competitive economies, social inclusive growth and more equitable development. Improving digital accessibility is critical for remote and rural societies who benefit significantly from the access to internet based services (e.g. health, public services, weather/crop forecasts, etc.). Enhancing African involvement in the global internet policy and governance system also enriches the discussion and takes account of specific needs and challenges.

Africa's performance in digital technologies usage remains low. African countries need to build their digital infrastructure to fully leverage digital uptake. Affordable broadband is a vital building block to unlock the benefits of digitalisation. However, the current broadband offer across Africa is seriously hampered by lack of infrastructures. Similarly, mobile broadband is still not affordable in most African countries which greatly limits the potential impact of the service.

The need for infrastructural investments/development, sector governance reforms and capacity development is still huge in the transport sector. Africa's transport networks efficiency increasingly lag behind those of other developing countries. Considering the existing wage levels in Africa, and the labour intensity of trucking, Africa's transport costs and prices could be amongst the lowest in the world. However, transporting goods along Africa's main corridors involves considerably higher prices than South Asia or Brazil. Intra-regional trade in Africa is very limited (12.8 %) and severely hindered by weak transport networks. This has a serious impact on competitiveness and economic development, in particular for land-locked countries in which costs related to transportation add a significant cost to imported and exported goods. Besides poor quality road networks, administrative hurdles and lengthy border crossing processes are the main obstacle to improving regional trade and competitiveness.

## **1.2 Policy Framework (EU and Global)**

The action fully corresponds to the need to (i) boost and enhance digital and transports infrastructures project identification, appraisal, formulation and preparation, (ii) address



structural and policy reforms at governance level to ensure sustainability of investments and (iii) enhance capacity of public institutions to develop strategic and regionally aligned project portfolio for the purpose of subsequent investment, to supervise, manage and maintain the investments.

The action is in line with the May 2017 "Joint communication to the European Parliament and the Council for a renewed impetus of the Africa-EU Partnership<sup>1</sup>" aiming at boosting "massive responsible and sustainable investments in Africa", inter alia by supporting core-enabling infrastructures. Moreover, it is in line with the EU/Africa Alliance priority of "tapping the full potential of economic integration and trade".

In terms of development policy, the action responds to the provisions of the United Nations 2030 Agenda for Sustainable Development and the SDGs related to Digitalisation and Infrastructure (notably SDGs 8 and 9). It will contribute to the key themes of the 2030 Agenda: People, Planet, Prosperity and Partnership. The proposed intervention is in full coherence with the above EU policy approach promoted at national and regional level with DMROs and African States under EDF National Indicative Programmes (NIPs) and Regional Indicative Programmes (RIPs).

The action will help develop and prepare quality, reliable, sustainable and resilient digital and infrastructure related investment projects that will eventually contribute to improved access, trade and regional integration which in turn will promote socio-economic growth, generate jobs, reduce poverty and increase regional competitiveness. Gender sensitive execution of project identification and project preparation studies will allow preparing projects that are demand driven and also respond to the needs of women according to the Gender Equality and Women's Empowerment: Transforming the Lives of Girls and women through EU External Relations 2016-2020<sup>2</sup> (in particular objective 15), youth and other people living in vulnerable situations.

### **1.3 Public Policy Analysis of the partner country/region**

#### *"Digital4Development" (D4D)*

The EU Council conclusions on Digital for Development of November 2017 welcomed the EU Commission's Staff Working Document<sup>3</sup> on D4D which provides a framework for mainstreaming digitalisation into EU development policy and identifies four priority areas with an immediate focus mainly in Africa. The Council underlines the need to promote D4D as a comprehensive framework in all developing countries focusing on those where digital needs and opportunities are the greatest."

The D4D framework foresees mainstreaming of digital technologies, services and innovation in development interventions, contributing to the achievement of the Sustainable Development Goals and ensuring effective delivery. This recognises the strategic role of digital technologies in improving the business landscape.

Based on existing policies and partnerships involving the public and private sectors, the EU D4D framework defines the following four inter-related priorities for action that align the opportunities for digital technology innovation with the Union's broader development goals:

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<sup>1</sup> JOIN(2017) 17 final of 4.5.2017

<sup>2</sup> SWD(2015)182 final of 21.9.2015

<sup>3</sup> Digital4Development: mainstreaming digital technologies and services into EU Development Policy, SWD(2017)157 final of 2.5.2017

- to ensure equal access to affordable and secure broadband connectivity and to digital infrastructure;
- to promote digital literacy and skills to empower people, including women and those people living in the most vulnerable condition;
- to foster digital entrepreneurship (Small and Medium Enterprises-SMEs), innovation and decent job creation;
- to promote the use of digital technologies as an enabler for inclusive sustainable development.

### Transport

The focus is set on the regional transport dimension in view of its multiplier effects and addresses the following challenges through mobilising financial resources, technical expertise and competence:

- to develop multimodal smart corridors;
- to reduce costs of transport and trading;
- to improve reliability, efficiency, security and safety in land, air and waterborne transport;
- to provide sustainable and resilient urban mobility and rural accessibility solutions.

## **1.4 Stakeholders analysis**

As duty bearers, the EA-SA-IO Duly Mandated Regional Organisations (COMESA, EAC, SADC, IGAD, IOC) are key entry points when it comes to the development of regional infrastructure, including digitalisation. They have proven experience in identifying and facilitating the implementation of regional infrastructure projects, notably in relation to EDF investment opportunities. The DMROs will be associated in decision making and in the prioritisation of projects proposals by participating to the Project Steering Committee meetings (decision making level) and to the works of the technical committee on Infrastructure (technical level), which will precede the former.

The 26 partner countries of the EA-SA-IO regional entities (including the relevant authorities and institutions) will directly benefit from the TAF, either directly or indirectly through their central, regional and local administrations or public or semi-public institutions. These countries have large infrastructural needs that can be partially addressed through accessing EIP funding, but often lack knowledge of this facility or do not have the capacity to carry out the necessary preparatory studies or to prioritise their investment needs. The TAF will provide the necessary technical expertise to fill these gaps, or, if need be, to support national governments with punctual assistance for infrastructures planning, identification and project formulation.

Development partners, notably EU Member States, will be consulted and involved when necessary. The EU Regional Delegations (Botswana for SADC, Zambia for COMESA, Djibouti for IGAD, Tanzania for EAC and Mauritius for IOC) will act as contact points and ensure coordination of proposals and facilitate the selection of projects to be prioritised within their geographical area of competence.

Development Finance Institutions will be closely associated to the implementation of the Action, in particular when it comes to identifying those projects that are considered best for

investments through the EIP. The Environmental and Social Safeguards of the International Finance Institutions will be taken into consideration.

Private sector companies active in digitalisation and/or infrastructure will play an important role in the implementation of the action.

As rights holders, Civil Society Organisations (CSO) representing citizens or professional bodies will be associated to technical meetings when deemed necessary, in particular in view of mainstreaming gender and women empowerment issues. CSO will ensure/monitor that all programmes/projects follow the rights-based approach principles ensuring non-discrimination, participation, accountability and transparency.

Finally, the end right holders will be all citizens from the region who will benefit from improved digital and infrastructure services.

### **1.5 Problem analysis/priority areas for support**

According to the African Union Commission, the poor state of infrastructure in sub-Saharan Africa in respect of electricity, water, roads and ICT reduces national economic growth by 2 % Gross Domestic Product (GDP) per year and productivity by as much as 40 %.

The significant deficit in Africa's infrastructure results in increased production and transaction costs, reduced competitiveness of businesses, negative impact on foreign direct investment flows to the continent; thereby affecting the rate of economic growth and social development of the continent.

The main reasons behind this significant deficit in socially and environmentally responsible adequate transports and digital infrastructure in the EA-SA-IO region are the lack of (i) funding for investments and maintenance, (ii) sound policies and strategies at governance level and (iii) adequate expertise to drive bankable and sustainable investments, at institutional levels.

Sector policies are often uncoordinated and investment decisions taken at national level are often based on partial information or without considering all options at stake. In addition, given a severe lack of financial resources in most sub Saharan countries, projects are often approved based on the availability and will of a specific financial partner, hence not following a truly national agenda and a strategic planning approach that guarantees the promotion of the most efficient and sustainable infrastructure option. Besides, delay and inability of African countries in presenting bankable and mature projects for the Africa Investment Platform, despite the sector's needs, demonstrates the lack of proper project identification, planning and preparation capacity within the Government, Ministries, institutions and private sector.

Besides, there is very limited regional coordination when it comes to large investments and national infrastructures are rarely projected in a regional dimension, hence limiting the benefits in terms of trade, decent job creation and inclusive economic growth (especially for women and youth).

Decisions on infrastructure options made today will be in place for the coming decades, and risk a lock-in into carbon intensive, environmentally damaging and climate vulnerable options that should be avoided through sound strategic planning and adequate planning of infrastructure pipelines.

In addition, given the poor legal and regulatory framework and a lack of technical capacities at national level, the economic, environmental and social impact of investments is often badly (if ever) estimated, hence causing sub-optimal decision-making. Similarly, lack of

competences affects the capacity to prepare sound sector policies and strategies and to support infrastructures from an operational and maintenance point of view.

In order to address these shortcomings and with the objective of stimulating investment dialogue and the leveraging of financial resources from private, public and international multilateral sources, the TAF will have to: i) promote quality infrastructure investment, in particular by combining EU grants with loans from public finance institutions and private sector in order to achieve a leveraged development impact under the EU blending facilities and the EFSD guarantee; ii) promote smarter project delivery methods for increased implementation efficiency, quality infrastructure and better "value for money"; iii) strengthen project identification, planning, preparation, appraisal expertise in the domains of digitalisation and multi-modal transport infrastructure, at country and/or regional level, ensure that investments are gender-responsive and rights-based avoiding unintended negative impacts on human rights.

The Technical Assistance Facility programme will therefore provide assistance in (i) identifying the sector's needs within a country in a context of strategic planning (which should cover strategic environmental assessment; (ii) project prioritisation based strategic masterplan preparation, as required; (iii) preparation of identification and formulation studies (pre-feasibility/feasibility level including the consideration of environmental, social and governance (ESG) safeguards –contribution to women's empowerment and impact on human rights) and respective appraisal (which would also cover the social, environmental and climate aspects); (iv) identifying the sources of funding and (v) preparation of the project to be presented to the financing agencies.

Capital investments alone are not sufficient to address the inefficiencies & reduce the price of services, if structural and policy reforms are not addressed. Therefore, this Technical Assistance Facility will develop the capacity of national government institutions/regulators responsible for infrastructure, to enhance their technical knowledge and expertise and contextually the policy, strategy and regulatory environment to favour inclusive quality, reliable, sustainable and resilient infrastructure development at regional and national level, and the implementation and enforcement of gender-responsive and rights-based national legislation, regulations and standards. Quality infrastructure delivery and investment based on the Ise-Shima principles (set of principles aimed at promoting Quality Infrastructure Investment) will be promoted.

## 2 RISKS AND ASSUMPTIONS

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
The results of the technical assistance offered are none conclusive.	L	The TAF will target projects which have high potential are bankable and socially and environmentally responsible. EU Delegations will be closely associated to the identification of the projects, in partnership with the regional entities.
Some countries have few bankable and socially and environmentally responsible projects with sufficient leverage effect, while being strategically important for the achievement of regional objectives	L/M	The TAF will contribute to assessing the best financing modalities for these actions through TA and studies.

The multiplicity of stakeholders at national and regional level poses challenges of planning, coordination and synchronised implementation given the network nature of transport corridors.	H	Specific measures will be developed to manage the relationship between the DMROs and other stakeholders during TAF implementation in order to enhance coordination between and among the Partner States.
Change in policy direction and thereby reduced commitment due to regularly occurring national elections and change in political leadership.	M	Encourage the role of the DMROs with engagement at the highest level of Member States.
Strategic planning processes defining infrastructure needs are missing or do not address environmental and climate-related concerns.	H	Support strategic planning processes to determine infrastructure needs. Promote Strategic Environmental Assessment (SEA) as a tool to ensure integration of environmental and climate-related concerns in infrastructure planning.
Lack of capacities, leadership and guidance from DMROs and limited commitment by partner countries resulting in TA acting in substitution.	H	Ensure Project Steering Committee (PSC) and its Subgroup on Infrastructure (SoI) meet as scheduled twice or four times a year. If needed special PSC meeting to be organised.
TA to act in substitution of EU Delegations which are responsible for sector policy dialogue at regional and national levels with Regional Economic Communities (RECs) and partner countries.	M	Regional EU Delegations to be a member of the PSC and SoI. TA to refer and work in very close collaboration with EU Delegations.
Unintended negative impact on human rights (e.g displacement)	L	The TA will hold consultations with the local authorities, at the very onset of the project.
<b>Assumptions:</b>		
Decision makers and focal points within beneficiary governments and regional organisations will remain committed to realising the project objectives.		

### 3 LESSONS LEARNT AND COMPLEMENTARITY

#### 3.1 Lessons learnt

Preliminary findings of the evaluation EDF regional EA-SA-IO programme indicate that overall there has been an alignment between the infrastructure projects supported by EU regional interventions and those identified as priorities by continental and regional bodies in strategies such as the Programme for Infrastructure Development in Africa (PIDA). But capacity challenges remain in DMROs, which have limited human and financial resources to dedicate to the anchoring and coordination of complex regional infrastructure projects where there are multiple stakeholders involved.

Traditionally, infrastructure related investments in the transport sector at regional level have experienced numerous challenges, notably as funding for identification, appraisal and preparation was not easily accessible. This has been further complicated by the limited political commitment by partner countries for regional initiatives. Past experience from the

10<sup>th</sup> EDF ESA-IO RIP implementation shows that assistance at partner states and regional corridor level critically complement that at DMROs level.

This also affects the project pipeline of the Africa Investment Platform (AIP). As a result, there are few mature projects to be presented to the Board and financing faces absorption difficulties though network needs are obvious. Experience in managing the EA-SA-IO RIP infrastructure agenda showed that there is a real need for better coordination and steering of the project pipeline.

Regarding the Digital sector, a review of the project "Harmonisation of Policies on digitalisation in Sub Saharan Africa programme (HIPSSA)", implemented by the International Telecommunications Organisation (ITU) between 2008 and 2013 under EDF funding concluded that - through a participatory consultative process - the project created ownership within the African DMROs, regulators, government ministries, and the private sector and achieved considerable buy-in in with addressing the Digitalisation regulatory challenges. Lessons learnt from the implementation of other projects (such as the "Euro-Mediterranean Regulators Group" (EMERG) project in the Mediterranean region), point to the importance of having defined performance indicators for measuring impact and complementary robust progress reporting as well as having a sustainable exit strategy in place, it being heavily dependent on project funding.

### **3.2 Complementarity, synergy and donor coordination**

The TAF targets projects to possibly be financed under the blending facilities and the EFSD guarantee as pillar 1 of the External Investment Plan. It is also of particular relevance for the EIP pillars related to project preparation and the business environment / investment climate. Under pillar 1, larger operations can be supported by using innovative financing approaches. Equally, partners can be supported in their endeavour for sector reforms, institutional capacity development and the creation of investment pipelines.

The TAF will seek complementarity and synergies between the present EIP, the EA-SA-IO Transport and Transit Facilitation programme, the EA-SA-IO Digitalisation enabling and governance capacity building programme and the other regulatory framework programmes and sector initiatives in the region.

In the case of digitalisation, the EU is supporting various initiatives through a number of instruments. The Instrument for Stability (IfS), and its successor, the Instrument contributing to Peace and Stability (IcSP), have been supporting actions in the field of cybercrime. Global Action on Cybercrime (GLACY), jointly funded with the EU through the IfS (with EUR 3 350 000 for the period 2013 to 2016), aimed at supporting countries worldwide in the implementation of the Budapest Convention and Cybercrime@Octopus on data protection and rule of law safeguards. A EUR 11 000 000 project on cybersecurity is being formulated as part of the IcSP.

Through the Infrastructure Trust Fund (ITF), the EU has provided support to several initiatives led by other donors or agencies such as the AXIS project, the satellite-enhanced telemedicine and e-health for sub-Saharan Africa managed by the European Space Agency and the East African Submarine Cable System (EASSy) operated by an African and European Consortium. Complementary support to Digital infrastructure includes the AfricaConnect project to fund improved connectivity for research and education within sub-Saharan Africa with a combined value of some EUR 37 000 000 for phases 1 and 2. The scope of the initiative includes the provision of research networking infrastructure within the region, organising a direct interconnection of the resulting regional network as well as further capacity building of non-participating countries to enable joining the network at a later stage.

Through Horizon 2020, the EU's current major research and innovation programme, research cooperation in the field of digitalisation is being fostered between the EU and Africa in a number of areas including eHealth, Big Data and Internet of things.

Though not addressing the cybersecurity dimension as specific output, the proposed action shall ensure Pan-African harmonisation of and coordination with the activities of the EU-funded action Protecting Critical Infrastructure.

Under the Pan African programme, action "Policy and Regulation Initiative for Digital Africa", aiming to foster universally accessible, affordable and effective broadband across the African continent to unlock future benefits of internet based services, has been launched in 2018. The specific objectives/outputs are i) to facilitate efficient and harmonised spectrum utilisation; ii) to harmonise measurable policy, legal and regulatory frameworks and iii) to strengthen the ability of African decision makers to actively participate in the global internet governance debate. The action contributes to the Pillar 3 of the EU's External Investment Plan (EIP) by contributing to better regulation and development of markets in partner countries, improving employment opportunities and supporting the development of the local private sector. There will be coordination between the present TAF programme and the initiative under Component 2 (investments) – Output 3 of the Action: "Boost African continental integration, EU-Africa economic integration through enhanced evidence-based policy making on trade and investment".

Under the 11<sup>th</sup> EDF, in the EA-SA-IO RIP, an ICT governance programme is under preparation and will: i) reinforce governance in the sector; ii) raise awareness and promote ICT linked application and services; iii) promote institutional and stakeholders capacity at national and regional level in the sector.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Overall Objective, Specific Objective(s), expected outputs and indicative activities**

The overall objective of the project is to improve both physical and digital interconnectivity within the region in order to contribute to broad and inclusive growth and prosperity in the EA-SA-IO region.

The action is to enhance regional integration through interconnected infrastructure networks, namely by identifying and preparing quality (technically, economically, socially and environmentally) projects that contribute to broad and inclusive growth, prosperity and decent jobs creation.

Moreover, it will further reinforce the regional partnership with DMROs and national governments towards coherent planning of strategic and well-interconnected infrastructure networks covering domains of digitalisation and transport, i.e. civil aviation, maritime, road and urban transport.

It is fully aligned with the United Nations 2030 Agenda for Sustainable Development. As it contributes primarily to the progressive achievement of the following SDGs: Goal 8: "Promote inclusive and sustainable economic growth, employment and decent work for all"; Goal 9: "Build resilient infrastructure, promote sustainable industrialisation and foster innovation".

### *Specific objectives, outputs and activities*

The specific objectives of the project are that sound policies and strategies enhance investments in bankable digitalisation and transport infrastructure projects.

Output 1: Strengthened regional coordination in the preparation of the digital and infrastructure project pipeline for the EA-SA-IO region.

Under the steering of the Project Steering Committee and based on the technical recommendations of its subgroup on Infrastructure, the project will be in charge of: assessing and prioritising project proposals, stocktaking the existing project pipeline of this facility, coordinating the action of the experts of the TAF and regularly reporting on the different activities under this action.

Assessment and prioritisation will be linked to strategic planning processes that explore the best alternatives (in economic, social and environmental terms) to achieve development objectives.

Output 2: Digital and infrastructure projects are prioritised, identified, appraised, formulated and prepared for subsequent request for infrastructure investment through, in priority, the Africa Investment Platform, including blending facilities and the EFSD guarantee.

With the collaboration of the partner countries and of the Duly Mandated Regional Organisations (DMROs), this action will support the different stakeholders, as duty bearers (DMROs, partner countries, EU Delegation and Development Financial Institutions - DFI) in the establishment of strategic orientation, master plans, preparation of identification studies and appraisals, (including environmental and climate risk assessments) leading to the formulation and preparation for the financing of projects of regional importance in priority, under the Africa Investment Platform.

Output 3: Sound project identification, appraisal, formulation preparation, supervision, management and maintenance practices are promoted in both the digital and transport sector, through capacity enhancement of regional and national sector institutions.

Through this result, technical capacities of national and regional sector institutions will be improved, enabling them to (i) prioritise, programme and prepare national investments in the digital and transports domains; (ii) ensure proper supervision, management and maintenance of investments and (iii) set up sound transport sector strategies, policies and regulations at governance level. This will allow officials from beneficiary duty bearers to establish a strategic planning leading to sound and realistic gender and rights-based responsive project pipelines, aligned to regional/national digital and transport master plans or investment programmes. Skills and capacities will also be developed to ensure a sound follow-up of identified and formulated projects along the investment path, independently from their source of financing. The officials will also be trained in the supervision, management and maintenance of investments. Sector authorities responsible for policies, strategies, regulations, network management, assistance/capacity building will be delivered on demand. Capacities will also be developed to integrate environmental and climate change concerns in strategic planning and project assessment, covering tools such as Strategic Environmental Assessment (SEA), Environmental Impact Assessment (EIA) and climate risk assessment.

In particular, regarding results 2 and 3, rights-based approach, gender equality and women's empowerment will be systematically taken into consideration.

### *Activities*

All the activities will be implemented under one service contract.



The distribution of the different support activities on coordination, prioritisation, identification and formulation and related capacity enhancement, will vary across the DMROs and countries in function of their skills sets, needs and of the defined prioritisation framework. While some capacity building activities will be common to all beneficiaries, the technical support shall be mostly demand driven, based on the principles of commitment and ownership by the different stakeholders and their ability to concretely (including from a financial perspective) engage in the selected sectors.

*Output 1 - Activity: Stocktaking of the sectors situation, prioritisation of the needs and coordination of the activities*

A Project Steering committee will be established and will tentatively meet twice a year and under no circumstance less than once a year; meetings to be online, as far as possible. The PSC will be the decision making body of the TAF and will include solely representatives of the five DMROs, the five European Union Delegations in charge of RECs and the TAF Technical Assistance Team to be recruited at the beginning of and financed through this action. If necessary, representatives of Financial Institutions may also be invited to attend the PSC.

Meetings of the PSC will be preceded by and will be based on the technical recommendations of its Subgroup on Infrastructures. The Subgroup on Infrastructures (SoI) will meet tentatively two to four times a year and will be supported by the Technical Assistance team, which will guarantee the secretariat and all logistic and administrative aspects. Whenever possible, meetings of the Subgroup on Infrastructures and PSC will take place online. During the meeting of the SoI, the following tasks will be performed: assessing and prioritising project proposals (i.e. establish a prioritised pipeline of projects under the TAF), stocktaking on the existing project pipelines, coordinating the action of the experts of the TAF and regularly reporting on the different activities under this action.

The PSC's and SoI's activities will aim at assessing needs and assisting DMROs and beneficiary countries in establishing priorities and strategies for the different sectors concerned, based on agreed regional strategies and concerns. The programme will support analyses of the existing framework of policies, strategies and regulations guiding the sectors at regional and national level; on-going reform programmes; financial opportunities and identification of gaps. It will also define, prioritise and coordinate, in agreement with the relevant EU Delegations, the possible and needed set of support under the activities 2 and 3 below.

*Output 2 - Activities: support to the preparation of strategic studies (Master planning, identification, formulation studies) and development of criteria for appraisal by PSC*

This activity will, in the first place, aim at assisting all institutional stakeholders at national and regional level in developing strategic sector studies with a focus on master planning (prioritisation), identification (pre-feasibility level), appraisal (feasibility level) and in the formulation (design) and preparation for financing of concrete technical, economic, social and environmental sound investment projects.

Moreover, it is expected that the TAF, in close collaboration with EU Delegations and in agreement with DMROs, will allow the PSC to establish and approve stringent and solid criteria for prioritisation and selection of actions across the countries (including, but not limited to, their regional relevance and value added, financial feasibility for the beneficiary country or region, impact on inclusive economic growth and decent jobs creation, social or environmental benefit and/or risk, climate resilience and gender equality and human rights related aspects), agreed among all the facility's stakeholders. The Ise-Shima principles on

quality infrastructure and SDG 9 targets will underpin the prioritisation criteria, also guaranteeing an alignment with the Paris Agreement.

#### *Output 3 - Activity: Delivering Technical Assistance and Capacity building*

This activity will deliver dedicated and demand driven technical assistance and trainings to national institutions (and in limited circumstances to regional organisations) to improve their staffs' technical knowledge, improve the coordination, planning, prioritisation and project preparation skills of stakeholders responsible for digital and transport network development, supervision, management and maintenance of the investments. It will include the development of capacities to integrate environmental, climate change (resilience and low carbon options) and gender considerations in strategic planning, project assessment and prioritisation. It will also address the structural and policy reforms needed at governance level.

It will enhance the institutional capacity and therefore support the creation of an enabling and more dynamic environment regarding sector policy dialogue based on sustainable network planning and related institutional frameworks. It will enhance the capacities of actors to align operation with the UN Global Compact (business should support and respect the protection of internationally proclaimed human rights. It will also contribute to develop ownership, coherence and to ensure a proper follow up of strategic approach/studies, projects along all steps of their investment path; independently of their source of financing.

#### **4.2 Intervention logic**

This programme recognizes that interconnectivity plays a crucial role for regional integration, inclusive growth and decent job creation and that there will be insufficient economic and social growth for developing countries without substantial investment in adequate and sustainable infrastructure. It also recognises the fact that despite robust gains in GDP in many EA-SA-IO countries in recent years, infrastructure inefficiencies continue to slow down economic integration and growth, and put stress on national resources, both public and private.

Therefore, the aim of this programme is to address the problem of infrastructure deficit in the EA-SA-IO region that results in increase in the cost of services and hampers competitiveness and trade. It will be done by helping developing and preparing sustainable and resilient digital and infrastructure related investment projects that will eventually contribute to improved access, trade and regional integration to promote inclusive socio-economic growth, generate decent jobs, reduce poverty and inequalities by leaving no one behind and increase regional competitiveness. In the medium term, the programme will contribute to adequate, efficient, safe, secure, sustainable and resilient transports and digital infrastructure in order to boost trade and increase global connectivity, in the EA-SA-IO region.

Digital technologies, including the Internet, are being adopted in the developing world at an unprecedented rate – faster than any other technologies. However, in the EA-SA-IO region, especially in the lowest income countries, connectivity and affordability remain a problem and there are large variations in connectivity amongst countries and between cities and rural areas. As a result, many of the countries, especially the lowest income ones, are unable to fully participate in and benefit from digitalisation. The programme will therefore prepare the ground to promote enhanced equal access to affordable and secure broadband connectivity, by training (equally treating men and women) and supporting national and regional administration on regulatory framework, feasibility studies, projects preparation, etc.

Adequate transport infrastructure and sound transport sector policies and strategies support sustainable economic growth and poverty reduction. Transport infrastructure development needs to be accelerated in the EA-SA-IO region, to boost regional integration and to match

the region's growing population and rapid urbanisation and to achieve its development goals. There is a need to boost investment in inland, air and waterborne transport infrastructure that are adequate, efficient, safe, secure, sustainable and resilient.

The success of the programme will depend on the commitment of decision makers and focal points within the beneficiary governments to the implementation of the activities. However, with the monitoring of the action by the PSC and its sub-group, it can be assumed that the implementation and continuity of the activities will be assured and maintained. Also, to ensure that quality consultancy services are delivered for each project, the criteria for the selection of the experts will be set at a high standard.

#### Result 1

The programme intends to develop activities aiming at assessing needs and assisting DMROs and beneficiary countries in establishing priorities and strategies for the different concerned sectors, based on agreed regional strategies and concerns. The programme will support analyses of the existing framework of policies, strategies and regulations guiding the sectors at regional and national level; on-going reform programmes; financial opportunities and identification of gaps. It will also define, prioritise and coordinate the possible and needed set of support under the activities 2 and 3 below.

#### Result 2

This activity will aim at assisting all institutional stakeholders at national and regional level in developing strategic sector studies with a focus on master planning (prioritisation), identification (pre-feasibility level), appraisal (feasibility level) and in the formulation of concrete social and environmental responsive investment projects, as these capacities lack in national administration.

#### Result 3

This activity will aim at providing capacity building/technical assistance at institutional levels, to improve the officials technical knowledge, improve the coordination, planning, prioritisation and project preparation skills of stakeholders responsible for digital and transport network development, supervision, management and maintenance of the investments. In addition, the capacity of institutions in the implementation of sound strategies, policies and regulations will be enhanced.

### **4.3 Mainstreaming**

Cross-cutting issues will be mainstreamed throughout the activities of the programme, from studies to technical assistance.

Environmental and social issues will be a key part of the pre-feasibility studies and of the Environmental and Social Impact Assessment (ESIA) in terms of ensuring positive impacts of infrastructure projects, as well as climate-proofing the related projects. Environmental sustainability concerns will be incorporated in the activities supporting member states to implement harmonised regulations and standards in the transportation of dangerous goods and hazardous substances, which are closely related to safety in the various transport modes. Strategic Environmental Assessment (SEA) will be promoted, as relevant, to ensure integration of environmental concerns into strategic planning processes leading to the identification of infrastructure needs. Capacity development under result 3 will include the building of capacities on the integration of environment and climate concerns in strategic

planning, project appraisal and project monitoring (i.e. follow-up of the implementation of Environmental Management Plans).

Moreover, to ensure the identification and implementation of economically, socially and environmentally sustainable projects, Quality infrastructure approach based on Ise-Shima principles will be promoted:

- 1- Economic efficiency of life cycle cost
- 2- Social/environmental consideration
- 3- Local job creation and technology transfer
- 4- Local development strategy
- 5- Effective resource mobilization.

In addition, the development of a digital enabling environment shall foster broadband-based services directly contributing to reducing congestion and therefore positively impacting the environment. As the DMROs consider digitalisation a cross-cutting issue, the TAF will support activities that will help improve the efficiency of managing the transport regulation and enforcement through ICT based systems (in all result areas).

Gender equality and women empowerment, good governance and democracy constitute priorities for the DMROs, which will be taken into account in studies and technical assistance appraisal in the framework of this TAF. The United Nations (UN) specifically identifies digitalisation amongst the targets of Sustainable Development Goal (SDG) 5 (Achieve gender equality and empower all women and girls): "Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women". Generating sustainable growth, the action contributes to achieving poverty reduction and gender equality in line with the Joint Africa-EU Strategy Roadmap 2014-2017 (§38): "Stimulate economic growth that reduces poverty, create decent jobs and mobilise the entrepreneurial potential of people, in particular the youth and women, in a sustainable manner".

#### **4.4. Contribution to SDGs**

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDGs 8, "promote inclusive growth and sustainable growth, employment and decent work for all" and 9, "build resilient infrastructure, promote sustainable industrialisation and foster innovation".

### **5 IMPLEMENTATION**

#### **5.1 Financing agreement**

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

#### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of signature of the service contract.

#### **5.3 Implementation of the budget support component**

N/A

## 5.4 Implementation modalities for project modality

The proposed method of implementation is direct management by the EU Delegation in Mauritius, through a public procurement (purchase of services through international call for tender).

### 5.4.1 Procurement (direct management)

The procurement of the Technical Assistance contract (services) detailed in the table below will contribute to achieving all the three objectives and results detailed in section (4).

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical Assistance Facility contract	Service	1	2 <sup>nd</sup> Q 2019

## 5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, 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 products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## 5.6 Indicative budget

Programme Components	EU contribution (in EUR)
5.4.1 - Procurement (direct management)	13 000 000
• <i>Result 1</i>	1 000 000
• <i>Result 2</i>	9 000 000
• <i>Result 3</i>	3 000 000
5.8 - Evaluation and 5.9 - Audit	400 000
5.10 - Communication and visibility	600 000
Total	14 000 000

## 5.7 Organisational set-up and responsibilities

The day to day management of this programme will be done by a Technical Assistance Team (TAT; recruited through international tender for services), which will ensure all logistic and administrative aspects, on top of guaranteeing the provision of long term technical support to national and regional institutions and ad hoc demand driven short term support. Moreover, it will be in charge of coordinating the action of all the recruited experts and of regular reporting on the different actions under this Action.

The programme and the TA Team will act under the steering of the Project Steering Committee (PSC) and its Subgroup on Infrastructure (SoI), which will meet respectively twice and four times a year. Any PSC will always be preceded by a SoI meeting, preparing the decision of the former. Meetings will be online, when possible.

The SoI will be composed by technical experts on digitalisation and transports from the TAF Technical Assistance, the DMROs and, on an ad-hoc basis, from the beneficiary countries (i.e. when a proposal pertaining to a certain country is discussed/assessed). It may also invite Financial Institution or EU experts if relevant with regards to topics in the agenda.

## **5.8 Performance and Result monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators (disaggregated by sex and age at least – and other categories if relevant as well as gender sensitive indicator), using as reference the Logframe matrix (for project modality). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Subgroup on Infrastructure will perform technical screening of new proposals, maintain and update the project pipeline, continuously follow-up and monitor on-going technical assistance and take stock of ongoing investment projects, in view of informing the PSC for the latter to take decision, especially on the prioritisation of new activities.

The PSC will act as the sole decision making body for the TAF programme. It will include representatives from: the European Union<sup>4</sup>, the five DMROs, i.e. EAC, COMESA, IGAD, SADC and IOC and the TAF Technical Assistance Team. If necessary, representatives of Financial Institutions may also be invited to attend the PSC. Chairmanship will rotate among the five DMROs (for one year each) and the EU will co-chair, while the TAF Technical Assistance team will guarantee the secretariat and take care of all logistic and administrative aspects. Meetings will be online, as far as possible.

The Technical Assistance service contract will include a component on project management and monitoring to ensure the continuous technical and financial monitoring of the action.

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

## **5.9 Evaluation**

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

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<sup>4</sup> The EU Delegation in Mauritius and the other 4 regional delegations (Zambia, Tanzania, Djibouti and Botswana)

It will be carried out for learning purposes, in particular with respect to the follow up given to the projects studied.

The Commission shall inform the implementing partner at least 6 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the DMRO's and the partner countries and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the DMRO's, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in year 2020.

#### **5.10 Audit**

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 audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract covering all audit services under this programme shall be concluded under a framework contract in year 2020.

#### **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. The EU delegation in Mauritius will directly contract a communication company to give visibility to this action in the region and to inform partners of actions and opportunities under the TAF.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The proposed implementation modality is direct decentralised management, by the EU delegation in Mauritius, through call for tender.

The communication and visibility measures are implemented by way of procurement of services. Indicatively, one service contract will be concluded under a framework contract in year 2019 to this extent.

## APPENDIX - INDICATIVE LOG FRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the log frame matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative log frame matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain: Main expected results	Indicators	Sources of data	Assumptions
Impact (Overall Objective)	<b>Countries of the EA-SA-IO region are better connected amongst themselves and the wider world.</b>	<p>Increase in trade activities within Sub-Saharan Africa.</p> <p>Higher quality and more efficient connecting infrastructure in the EA-SA-IO region</p>	<p>WB:  <a href="https://wits.worldbank.org/countrystats.aspx">https://wits.worldbank.org/countrystats.aspx</a> ,  <a href="http://data.worldbank.org/indicator/SI.POV.DDAY">http://data.worldbank.org/indicator/SI.POV.DDAY</a>,  <a href="https://data.worldbank.org/indicator/LP.LPI.INFR.XQ">https://data.worldbank.org/indicator/LP.LPI.INFR.XQ</a>,  ITU: <a href="http://www.itu.int/net4/ITU-D/idi/2017/index.html">http://www.itu.int/net4/ITU-D/idi/2017/index.html</a>  IMF World Economic Outlook database:  <a href="http://www.imf.org/external/ns/cs.aspx?id=28">http://www.imf.org/external/ns/cs.aspx?id=28</a>  UN Population:  <a href="http://esa.un.org/unpd/wpp/Excel-Data/population.htm">http://esa.un.org/unpd/wpp/Excel-Data/population.htm</a> </p>	
Outcome (Specific Objectives)	<b>Relevant and sound infrastructural investments are implemented, technical capacity of institutions is enhanced, and sound policies and strategies and regulations are adopted, in the digital and transport sector.</b>	<p><b>S.0.1-</b> Number of digital &amp; transport projects processed by the facility and submitted for financing</p> <p><b>S.0.2</b> – Investment in infrastructure as % of the GDP</p> <p><b>S.0.3</b> – Number of sound policies, strategies and regulations adopted.</p> <p><b>S.0.4</b> – Technical capacity of institutions concerned are enhanced, when benchmarked against international standards.</p>	<p>EU intervention monitoring and reporting systems: annual and final reports from TAF TA, ROM reviews and evaluations.</p>	<p>Decision makers and focal points within beneficiary governments and regional organisations will remain committed to realising the project objectives.</p> <p>The required technical expertise will be identified and recruited on time.</p>



Outputs	<p><b>O.1 - Strengthened coordination in the preparation of the digital and infrastructure project pipeline for the EA-SA-IO Region.</b></p> <p><b>O.2 - Digital and infrastructure projects are prioritised, identified, appraised, formulated, prepared and submitted, in priority, to the EU blending framework including the EFSD guarantee</b></p> <p><b>O.3 – Enhanced technical capacity for (i) project identification, appraisal, formulation, preparation, supervision, management and maintenance and (ii) sound sector strategies, policies and regulations adopted.</b></p>	<p><b>O.1a</b> – Number of investment projects selected and approved by Project Steering Committee that are actually implemented.</p> <p><b>O.1b-</b> Number of technical capacity programmes approved.</p> <p><b>O.1c-</b> Number of policy and strategy reform programmes prepared.</p> <p><b>O.2a</b> – Total number of road and bridge projects rehabilitated and constructed</p> <p><b>O.2b-</b> Total number of railway projects rehabilitated and constructed.</p> <p><b>O.2c.</b> – Number of ports rehabilitated/constructed</p> <p><b>O.2d-</b> Number of airports rehabilitated/constructed.</p> <p><b>O.2e</b> –Number of projects in the digital sector implemented.</p> <p><b>O.3a</b> – Percentage of national staff (sex-disaggregated) indicating an improved technical knowledge after training</p> <p><b>O.3b</b> - Number of institutions benefitting from capacity building trainings.</p> <p><b>O.3c-</b> Number of sound policies, strategies and regulations adopted.</p>	<p>IO3 – evaluation surveys at the end of trainings</p>	<p>Decision makers and focal points within beneficiary governments and regional organisations will remain committed to realising the project objectives.</p> <p>The required technical expertise will be identified and recruited on time.</p>
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