



EN

THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX VI

of the Commission Implementing Decision on the financing of the multiannual action plan part I in favour of the Neighbourhood, Development and International Cooperation Instrument (NDICI) Regional South Neighbourhood for 2021-2023

Action Document for Accelerating the clean energy transition for a greener and fairer economic recovery in the Southern Neighbourhood

ANNUAL ACTION PLAN

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

1. SYNOPSIS

1.1. Action Summary Table

| | |
|---|--|
| <p>1. Title CRIS/OPSYS Basic act</p> | <p>Accelerating the clean energy transition for a greener and fairer economic recovery in the Southern Neighbourhood</p> <p>Multi-annual action plan part I in favour of Southern Neighbourhood for 2021-2023</p> <p>CRIS number: NDICI-GEO-NEAR /2021/043-042</p> <p>Financed under the Neighbourhood Development International Cooperation Instrument (NDICI – Global Europe)</p> |
| <p>2. Team Europe Initiative</p> | <p>No</p> |
| <p>3. Zone benefiting from the action/location</p> | <p>Southern Neighbourhood countries: Algeria, Egypt, Israel ⁽¹⁾, Jordan, Lebanon, Libya, Morocco, Palestine ⁽²⁾, Syria ⁽³⁾ and Tunisia.</p> <p>In duly justified cases, as per Art. 43(1) of the Regulation (EU) 2021/947 specific activities of the action may be extended to:</p> <p>Countries from the Union for the Mediterranean and Countries and territories neighbouring Neighbourhood South countries ⁽⁴⁾:</p> <p>Bosnia and Herzegovina, Albania, Montenegro, Turkey and Mauritania;</p> <p>Africa: Mali, Niger, Chad, Sudan and South Sudan, but also the Horn of Africa and in particular Somalia;</p> <p>Middle East: Iran, Iraq, Saudi Arabia and more broadly the Arabian Peninsula (Gulf Co-operation Council and Yemen).</p> <p>This is justified as the “Regional South Multiannual Indicative Programme (2021-2027)”, makes reference to the importance of cross regional cooperation: “The</p> |

(1) See Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards on http://eurlex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_2013.205.01.0009.01.ENG.

(2) This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

(3) Co-operation with the Government of Syria suspended since 2011.

(4) In accordance with Article 16 of Regulation (EU) N° 232/2014 (ENI Regulation).

| | | | | |
|--|---|-------------------------------------|-------------------------------------|-------------------------------------|
| | future regional cooperation should have a flexible geographical and thematic scope, also allowing for interlinkages with other regions, where necessary and appropriate as highlighted in the Joint Communication on a renewed partnership with the Southern Neighbourhood.” and “The EU will be ready to explore further regional, sub-regional or trilateral cooperation and joint initiatives between partners in targeted areas of mutual interest and of a cross-border nature”. | | | |
| 4. Programming document | Regional South Multiannual Indicative Programme (2021-2027) ⁵ | | | |
| 5. Link with relevant MIP objectives/expected results | Specific Objective 2 “To cooperate with partner countries towards a clean and secure energy “ of Priority area 4 “Green transition” of the Regional South Multiannual Indicative Programme (2021-2027) | | | |
| PRIORITY AREAS AND SECTOR INFORMATION | | | | |
| 6. Priority areas, sectors | 23110 Energy Policy and Administrative Management 23210 Energy Generation, Renewable Sources – Multiple Technologies | | | |
| 7. Sustainable Development Goals (SDGs) | <u>Main SDG:</u> Goal 7 on "Affordable and clean energy" <u>Secondary SDG:</u> Goal 13 in "Climate action" | | | |
| 8a) DAC codes | 23110 Energy policy and administrative management (50%) 23210 Energy generation, renewable sources – multiple technologies (30%) 23630 Electric power transmission and distribution (centralised grids) (20%) | | | |
| 8 b) Main Delivery Channel | 20000 Non-Governmental Organisations and Civil society 50000 Others (for component 4.3.2) | | | |
| 9. Targets | <input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance | | | |
| 10. Markers (from DAC form) | General policy objective | Not targeted | Significant objective | Principal objective |
| | Participation development/good governance | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Aid to environment | <input checked="" type="checkbox"/> | <input 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"/> |
| | Disaster Risk Reduction | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Inclusion of persons with Disabilities | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

⁵ C(2021)9399 dated 16.12.2021.

| | | | | |
|--|--|-------------------------------------|--|--|
| | Nutrition | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | RIO Convention markers | Not targeted | Significant objective | Principal objective |
| | Biological diversity | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Combat desertification | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Climate change mitigation | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Climate change adaptation | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Internal markers | Policy objectives | Not targeted | Significant objective | Principal objective |
| | Digitalisation Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services | <input checked="" type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| | <u>Connectivity</u> Tags: transport people2people energy digital connectivity | <input type="checkbox"/> | <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| | Migration | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Reduction of Inequalities | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | COVID-19 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| BUDGET INFORMATION | | | | |
| 12. Amounts concerned | Budget line: 14 02 01 10 Total estimated cost: EUR 12 170 000 Total amount of EU budget contribution: EUR 10 000 000 Total co-financing by grant beneficiaries: EUR 2 170 000 | | | |
| MANAGEMENT AND IMPLEMENTATION | | | | |
| 13. Implementation modalities (type of financing and management mode) | Project Modality Direct management through: - Grants - Procurement | | | |

1.2. Summary of the Action

The **overall objective** of the Action is to contribute to a greener and fairer socioeconomic recovery and enhanced energy security of partner countries through an accelerated clean energy transition at regional level.

The expected **impact** of the Action is as follows:

Partner countries' energy intensity⁶ decreases through more energy efficient sector policies, greenhouse gases emissions and air pollution are reduced through low carbon technologies' spreading and the massive deployment of renewables (on and offshore).

Throughout the Action, the gender equality dimension will be fully embedded in line with EU's Gender Action Plan III⁷, the Paris Agreement and the 2030 Agenda's provisions. Indeed, women's and men's needs and priorities for energy and access to energy resources often remain differently and unequally shaped by their roles and responsibilities in societies, in particular in rural contexts. This tends to limit economic opportunities for women, bring negative effects on their families and communities, and hamper broader socio-economic development and stability at local, national and regional levels.

This regional programme will contribute to the following **outcomes**:

- private and public sustainable investments (from domestic and international sources) increase and uphold a massive deployment of (on and offshore) renewables and energy efficiency measures in Southern Neighbour countries;
- Euro-Mediterranean electricity and gas systems are better interconnected, which allows for increased energy flows and trades at regional level;
- decarbonised gases (including green hydrogen) are gradually confirmed as credible alternatives to fossil fuels;
- regional cooperation on energy becomes increasingly efficient and structured.

Expected **outputs** are as follows:

- enhanced and more harmonised regulatory frameworks for gas and electricity that favour cross border interoperability and incentivise sustainable investments;
- more efficient functioning of electricity transmission systems operators through optimised planning capacities and operations' processes (including the issue of energy storage), and the promotion of digital technologies;
- upgrade of Energy Scenarios and Electricity Masterplans for the Mediterranean region;
- drafting of a long term strategy for the East Mediterranean Gas Forum, that specifies the gradual setup of a sub-regional gas market, while ensuring a clean energy transition and the environmental sustainability of gas exploration, production, transportation and infrastructure building, inter alia through promoting gas integration with other energy resources, notably renewables, and in the power grid;
- formulation of regional and sub-regional development plans or studies for natural and decarbonised gases, based on existing and future gas supply-demand schemes and infrastructures in the Mediterranean region and its neighbour countries;
- effective capacity building and exchange of experiences in the framework of a newly established regional network promoting "Mediterranean green electrons and molecules (MED-GEM)";
- efficient functioning of the 3 UfM Energy platforms, leading to policy convergence and dissemination of good practices.

This intervention is relevant for the Agenda 2030. It contributes primarily to the achievement of Sustainable Development Goals (SDGs) targets 7 on "Affordable and clean energy", 13 on "Climate action", while also contributing to 12 "Sustainable consumption and production", 11 "Sustainable cities and communities" and 5 "Achieve gender equality and empower all women and girls".

This programme will contribute to the Flagship 10 "Energy transition and energy security" of the Joint Staff Working Document accompanying the Communication from the Commission and the High Representative "Renewed partnership with the Southern Neighbourhood"⁸. It will propose a collaborative partnership between countries' governments and national agencies, by sharing best practices in designing and implementing evidence-based energy

⁶ "Energy intensity" is defined as the ratio of primary energy supply to GDP; it is an indicator used to track progress on energy efficiency (source: IEA)

⁷ https://ec.europa.eu/international-partnerships/system/files/join-2020-17-final_en.pdf

⁸ https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=JOIN:2021:0002:FIN:EN:PDF_joint_staff_working_document_renewed_partnership_southern_neighbourhood.pdf (europa.eu)

policies and measures. The private sector and international financing institutions will be closely associated to its implementation.

Finally, it will contribute to reaching the objectives of the recently signed Union for the Mediterranean's Ministerial Declaration on Energy (14 June 2021).

2. RATIONALE

2.1. Context

As per UN's Sustainable Development Goal 7, access to sustainable and modern energy is one of the key preconditions for countries to achieve long-term sustainable development. In particular, energy poverty is considered as one of the root causes of migration, as it drives people to try to pursue better livelihoods elsewhere.

The severe impact of the COVID-19 pandemic on partner countries' economies calls for a massive support to disrupted socioeconomic contexts. In the recently signed Union for the Mediterranean (UfM) Ministerial Declaration on Energy⁹, the 42 UfM Ministers of Energy have expressed their willingness to "promote sustainable recovery and growth post Covid-19 in line with national circumstances, socio-economic progress, inclusive gender, balanced job creation, reduction in energy poverty, and involve, where appropriate, all relevant stakeholders, public and private actors along with civil society, and financial institutions".

Moreover, in line with the European Green Deal¹⁰ and as recalled in the February 2021 Joint Communication "Renewed partnership with the Southern Neighbourhood", the EU acknowledges that "Europe and the Mediterranean region have interdependent, complementary and converging energy interests based on the priorities of the green and fair transition and energy security". Fostering investments, in energy efficiency, renewable energy and a new focus on clean hydrogen production and distribution, including through adequate regulatory and financial incentives, and the regional integration of electricity markets and networks are set as key priorities.

Driven by countries' Nationally Determined Contributions under the Paris Agreement, a clean energy transition that embeds circular economy principles is a vector of economic opportunities, job creation and a strong incentive for dynamic research and innovation. This is particularly important for the Southern Neighborhood region, which overall endures fragile political and socioeconomic situations and is the world's most exposed area to climate change. Moreover, as energy demand increases at vertiginous rates (between 5-8% annually, on average), energy systems require substantial improvements in terms of efficiency and functionalities. The fact that, in some countries, electricity tariffs remain subsidised (and therefore non cost-reflective) imposes heavy fiscal burdens that undermine macroeconomic stability.

Furthermore, this region suffers from a very low degree of integration that prevents taking advantage of opportunities in particular on domains where a global approach would obviously bring significant benefits, such as energy and climate change. Better-interconnected gas and electricity networks embedding modern digitalisation technologies, coupled with energy efficiency and increased uses of untapped renewable energy sources would enhance the region's energy diversification and resilience.

Increased energy resilience and availability in the partner countries would bring benefits to the lives of women and men, boys and girls by reducing their energy dependence, consumption and expenses.

It would also ultimately serve EU interests in terms of diversification of energy sources and routes, and trigger new avenues for collaboration and business opportunities for the European energy industry (in particular as regards green hydrogen).

In terms of relevance and complementarity with strategies supported by key national stakeholders:

Southern Neighbour countries belong to the Union for the Mediterranean (UfM). The recent UfM Ministerial Declaration on Energy, signed in June 2021, has reaffirmed key common policy statements and objectives such as (among others):

⁹ 3rd-UfM-Ministerial-Declaration-on-Energy-14-June-2021-1.pdf (ufmsecretariat.org)

¹⁰ COM(2019) 640 final - "Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions – The European Green Deal" (11/12/2019)

- harness the opportunities created by research & development, innovation and digitalisation, to drive the optimization of secure and sustainable energy production (including the expansion of decentralized generation) and efficiency in energy use (including in particular the growing use of cooling in buildings), develop capacity building and other cooperation mechanisms, and facilitate the market uptake of new cost-effective sustainable technologies and solutions;

- review, re-design and implement ambitious roadmaps and targets for energy efficiency in all sectors and policies, including the enforcement of existing legislation, and accounting for national conditions, the development of possible shared incentivizing frameworks for innovative technologies, the removal of regulatory and financial bottlenecks, and support the phasing-out of environmentally and economically harmful subsidies that encourage wasteful consumption;

- further support regulatory and policy measures necessary to achieve regional integration of energy systems and markets in the Euro Mediterranean region, to increase flexibility for accommodating a higher share of sustainable renewables, to achieve significant economies of scale and to increase security of supply and demand, also by promoting the reinforcement of electricity interconnections at regional and EuroMed level promoting adequate support schemes and streamlining administrative procedures in Euro-Mediterranean region;

- jointly work to strengthen the regional electricity interconnections, smart grids and digitalization (for which cyber security requirements are an important element), increase electricity exchange, when necessary, and interoperability, harmonize technical operating rules, regulation and electricity pricing methodologies for transmission network taking into account national considerations/concerns;

- support the efforts to reduce fugitive methane emissions linked to fossil fuel production, transport and use, and enhance CO2 emissions' reduction.

These commitments are considered as a “common denominator” of UfM Member States’ energy policies. They therefore constitute a solid base for any regional program in the coming five years; this Action is directly inspired from them.

In terms of relevance and complementarity with EU policy and other donors’ assistance:

This Action is fully aligned with the external dimension of the European Green Deal and the February 2021 Joint Communication “Renewed partnership with the Southern Neighbourhood”, which sets as priority objectives:

- massive deployment of renewable energy and clean hydrogen production, contributing to the aspiration to have at least 40 Gigawatts of electrolyser capacity in the EU Neighbourhood by 2030
- a stronger interconnection of electricity systems
- energy efficiency efforts and measures, with a focus on buildings and appliances
- policies to address fugitive methane emissions from fossil fuel production, transport and use, in line with the framework set in the EU methane strategy.

It will in particular contribute to the Flagship 10 “Energy transition and energy security” of the Joint Staff Working Document accompanying the Joint Communication.

Moreover, this Action concurs with the EU “Council conclusions on Energy and Climate Change diplomacy”¹¹, which mention that “the EU and its Member States will continue to support the uptake of the EU’s energy *acquis*, rules and standards, as well as further energy market integration and interconnectivity in line with the European Green Deal, particularly within the EU’s neighbourhood”.

The objectives of this action also fit perfectly with the energy and climate objectives for the region, as per the UfM Ministerial Declaration on Energy signed in June 2021.

This Action also embeds the objectives set in the Joint Communication “Towards a comprehensive Strategy with Africa”¹² that mentions, under its proposed partnership for green transition and energy access, that “the EU should partner with Africa on green finance, on sustainable energy and energy efficiency through the launch of a ‘Green Energy’ initiative, building on the recommendations of the High-Level Platform for Sustainable Energy Investments in Africa”. This initiative intends to focus on the deployment of climate-resilient renewables in energy generation to power the socio-economic development, to promote energy transition and maximise efficiency across all value chains.

¹¹ [st05263-en21.pdf \(europa.eu\)](#)

¹² https://ec.europa.eu/international-partnerships/system/files/communication-eu-africa-strategy-join-2020-4-final_en.pdf

In addition, this Action is complementary to the Sustainable Energy for All Initiative, aiming at (i) ensuring universal access to modern energy services, (ii) doubling the share of renewable energy in the global energy mix, (iii) doubling the global rate of improvement in energy efficiency by 2030. It is also complementary to the Covenant of Mayors initiative, as well as the Global Covenant of Mayors for Climate and Energy.

This Action Document has not been prepared through a formal joint programming process because the measures proposed could take little advantage of a joint programming; however the contribution that they bring to the overall policy framework shall facilitate subsequent joint programming and investments at bilateral level.

The projects entailed in this Action Document will be developed in full complementarity with EU-funded bilateral actions. They will allow for echoing (and potentially replicating) successful initiatives from any country in the region to the other Southern Neighbourhood countries, as well as providing, where necessary, prompt and tailor-made support to country-specific needs that could contribute to its policy sector reforms (as for instance the MEDREG study on net metering in Palestine).

The projects will also explore complementarities with the results of the relevant joint research & innovation projects with the Southern Neighbourhood countries under the EU Framework Programmes (Horizon 2020, Horizon Europe).

Finally, in the course of the Action's implementation, enhanced donor co-ordination will be sought to maximise resources but also to make the EU's contribution more visible. This program could possibly become an element of the joint EU response in the region, through a structured joint programming with EU Member States and based on a shared analysis from all EU sources (including EU Delegations).

The EU will pursue coordination with other donors and major international financial institutions as well as working with the Union for the Mediterranean, the League of Arab States and the Gulf Cooperation Council and its Member States.

2.2. Problem analysis

Priority 1: Enhance energy security

From the perspective of energy security, partner countries' economic stability mainly depends on a sustainable balance between their energy consumption and the profile of their energy supplies or production. Most of the region's countries are vulnerable to over-dependence on specific suppliers, and therefore have a vital interest in increasing their sovereignty by reducing their energy intensity and diversifying their sources of supply, while embedding modern digitalisation technologies.

In parallel, as highlighted in the EU Council Conclusions on "Energy and Climate Diplomacy"¹³, the energy transition could in the medium-term have adverse impacts on countries that are dependent on the export of fossil fuels, such as Algeria, Libya and Egypt. Socially just economic and energy diversification plans should be developed, and targeted support be provided to the most affected in order to support the transformation of their economies.

By 2050 in a Business as Usual scenario, it is estimated that the Southern Mediterranean region will face a doubling of its overall energy demand. Partner countries must therefore alter their energy trajectory through robust implementation of NDCs, implying massive energy efficiency measures and deployment of renewable energy.

Encouraged by incentives, upgraded policies and technological progress, renewables (and especially non-hydro renewables) are expected to exhibit robust growth trends in the coming decades. The Southern Neighbourhood benefits from a huge – untapped - potential of natural resources (sun and wind mainly) that, thanks to substantial progress in setting up stable regulatory frameworks, is gradually attracting more and more investments in large-scale infrastructures. The increased use of renewables in the countries' energy mix will be pivotal, and green electricity generation at decentralised and distributed levels shall be massively promoted.

Energy efficiency shall also play a decisive role in both the end-use sectors and power generation. This subsector historically lagged behind in most of the countries' national policies, due to a priority given to increasing the total energy supply through renewables, and limited developments and enforcement of appropriate energy efficient regulatory frameworks. Addressing energy efficiency is however becoming more of a priority, as witnessed by each country's adoption of its National Energy Efficiency Action Plan (NEEAP) in the past years, and mainly due to the high share of energy consumption from sectors such as buildings (35 % in average) and transport.

¹³<https://www.consilium.europa.eu/en/press/press-releases/2021/01/25/council-adopts-conclusions-on-climate-and-energy-diplomacy/>

The EU has strategic interests in collaborating with partner countries on these sector policies considering their strong positive impact in terms of sustainable development, economic growth and jobs creation. In addition, EU's long term experience in implementing sustainable energy policies could benefit partner countries, and offer interesting frameworks for partnership and business opportunities for EU's energy industry in its close vicinity.

Priority 2: Fulfil Paris Agreement's commitments

Current environmental challenges at global level are the result of unsustainable modes of production and consumption and the current energy mix. And energy still accounts for two thirds of the greenhouse gas emissions worldwide. Despite the limited share of emissions coming from Southern Neighbour countries (less than 1% of global emissions), UfM Ministers of Energy have expressed willingness to "join efforts for a just and fair transition towards, circular, low emissions, inclusive, resilient, sustainable resource and energy efficient economies and societies by taking into account national circumstances".

All Southern Neighbourhood countries have ratified the Paris Agreement. The comprehensive climate mitigation strategies put forward in their Nationally Determined Contributions (NDCs) and adaptation strategies have become a formal part of their national policy frameworks. These national plans include specific objectives and actions (including the need for enhancing resilience of infrastructures to climate change's impact, in key sectors like energy, water, and solid waste), and form a useful basis to determine priority support areas in terms of energy-specific cooperation but also considering "nexus" approaches.

However, despite countries' ambitions, projections until 2050 show that the partner countries' energy mix will remain substantially fossil fuel based (80%), in a Business as Usual scenario. This is accentuated by the massive gas discoveries in the Levantine Basin that have further promoted the natural gas alternative, being less climate-harmful and more efficient than oil and coal. Meanwhile, actions aiming at containing fugitive methane emissions (linked to fossil fuel production, transport and use), and the gradual switch from fuel and coal to natural gas shall play a positive role in the decarbonisation of energy production and consumption modes, as well as in environment-friendly development pathways.

In addition, in line with the European Green Deal and the Joint Communication "Renewed partnership with the Southern Neighbourhood", the development of decarbonised gases value chains (such as green hydrogen) is a new strategic priority. This new pathway is of mutual interest as these gases could be used both for domestic consumption and export. It therefore deserves particular attention, updated cooperation frameworks and dedicated support.

Finally, in the coming EU Multiannual Financial Framework 2021-2027, 30% of the Neighbourhood, Development and International Cooperation Instrument (NDICI) funding should address climate-related issues. This demonstrates that the EU budget continues to act as a catalyst, to leverage sustainable private and public investment and channel EU support for the clean energy transition to where it is most needed. It is also a key part of EU's credibility in advocating for net-zero greenhouse gas emissions by 2050.

Both priorities feature similar stakeholders:

Following the Paris Agreement, most of the Southern neighbor countries have increased attention to strengthening the skills of their public administrations responsible for energy-related policies (mainly the Ministries of Energy and national agencies). This dynamic was commended by the donor community and the private sector (among others), considering the key importance of sound, efficient and transparent governance structure, and regulatory frameworks that help to attract foreign and domestic investments. This Action aims at accompanying the endeavors of these national administrations through specific capacity building, training programs and exchanges of experiences that will in particular promote gender equality. Sex-disaggregated data could possibly be produced on this element.

The private sector is involved as projects promoter, equipment providers, energy service companies, from domestic and international investors to energy operators (generation, transmission, distribution). This Action will indirectly support the domestic and European private sector, by improving the business environment and fostering more attractive opportunities, mainly through enhanced regulatory frameworks, relevant options to address market failures and clear signals for switching towards digitalized energy systems.

Other relevant stakeholders benefitting directly or indirectly from this Action, include energy regulators and transmission system operators, International and European Financial Institutions, the civil society and regional authorities.

The Action will also indirectly benefit Southern Mediterranean municipalities, by promoting at national levels the key role that local authorities play in developing and implementing Sustainable Energy and Climate Action Plans (SECAPs).

Finally, the population of partner countries shall also benefit from positive outcomes of this program in their daily energy supply and consumption.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and expected outputs

The **overall objective** of the Action is to contribute to a greener and fairer socioeconomic recovery and enhanced energy security of partner countries through an accelerated clean energy transition at regional level.

The expected **impact** of the Action is as follows:

Partner countries' energy intensity decreases through more energy efficient sector policies, greenhouse gases emissions and air pollution are reduced through low carbon technologies' spreading, innovation and the massive deployment of (on and offshore) renewables.

Throughout the Action, the gender equality dimension will be fully embedded in line with the Paris Agreement, EU's Gender Action Plan III and the 2030 Agenda's provisions. Indeed, women's and men's needs and priorities for energy and access to energy resources often remain differently and unequally shaped by their roles and responsibilities in societies, in particular in rural contexts. This tends to limit economic opportunities for women, bring negative effects on their families and communities, and hamper broader socio-economic development and stability at local, national and regional levels.

Expected **outcomes** of the Action are as follows:

- private and public sustainable investments (from domestic and international sources) increase and uphold a massive deployment of (on and offshore) renewables and energy efficiency measures in Southern Neighbour countries
- Euro-Mediterranean electricity and gas systems are better interconnected, which allows for increased energy flows and trades at regional level;
- decarbonised gases (including green hydrogen) are gradually confirmed as credible alternatives to fossil fuels.
- regional cooperation on energy becomes more efficient and better structured.

Expected **outputs** are as follows:

- enhanced harmonised regulatory frameworks for gas and electricity that favour cross border interoperability and incentivise sustainable investments;
- more efficient functioning of electricity transmission systems operators through optimised planning capacities and operations' processes (including the issue of energy storage), and the promotion of digital technologies;
- upgrade of Energy Scenarios and Electricity Masterplans for the Mediterranean region;
- drafting of a long term strategy for the East Mediterranean Gas Forum, that specifies the gradual setup of a sub-regional gas market, while ensuring a clean energy transition and the environmental sustainability of gas exploration, production, transportation and infrastructure building, inter alia through promoting gas integration with other energy resources, notably renewables, and in the power grid;
- formulation of regional and sub-regional development plans or studies for natural and decarbonised gases, based on existing and future gas supply-demand schemes and infrastructures in the Mediterranean region and its neighbour countries ;
- effective capacity building and exchange of experiences in the framework of a newly established regional network promoting "Mediterranean green electrons and molecules (MED-GEM)";
- efficient functioning of the 3 UfM Energy platforms, leading to policy convergence and dissemination of good practices.

3.2. Indicative activities

The Action's activities will consist of :

- training and capacity building at national and local levels, as well as to the regional policy making stakeholders, with particular attention to gender equality and the increasing involvement of women's CSOs (where they exist) as key actors for sustainable energy transitions and change;
- seminars and workshops allowing for policy dialogue, increased cooperation and sharing of experience, including in research & innovation, in which women will be actively involved (which will promote their presence and engagement in decision-making processes);
- specific technical assistance, as well as studies;
- tailored awareness campaigns on relevant strategic themes, with a gender sensitive and responsive angle and in which women will be portrayed as leaders and implementers at micro and macro levels for sustainable energy development.

3.3. Mainstreaming

Considering the domain of intervention of the Action, environmental sustainability and climate change are obviously embedded into its design and implementation phases.

The direct beneficiaries of EU funding through this Action will systematically engage civil society in activities where their views are of particular importance, such as for instance consumers' protection, access to stable and affordable energy, environmental impact assessment of new technological processes to be developed (decarbonised gases for instance).

Moreover, in the EU's neighbour countries (and particularly in rural areas) access to modern and sustainable energy is a crucial aspect for poverty reduction, acting as an important engine of economic growth and social development (including better health and education). As men and women's roles and responsibilities are significantly different in households, markets and communities, all activities within this programme will entail (to the extent possible) a gendered sensitive and responsive approach in line with the EU Gender Action Plan 2021-2025, the Paris Agreement and the 2030 Agenda, that encourages equality and equal opportunities. Finally, the action will support and enable women's active participation in decision-making processes with regards to more sustainable political and local energy governance. Among other things, women play a critical role on the sustainable energy agenda due to their local knowledge of and leadership in sustainable resource management, and/or leading sustainable practices at the household and community level.

All of the Action's implementing bodies will be required to ensure (when possible) women's and women CSOs' active participation in training and capacity building activities, as well as active and regular consultation with women's CSOs who work on sustainable development and energy from a gender sensitive angle. EU Delegations can provide support and guidance on who to approach nationally and locally.

Finally, through the Action's focus on regulatory reforms, institutional support and capacity building at national and local levels, good governance will be fully promoted.

Environmental Protection, Climate Change and Biodiversity:

- Outcomes of the Environmental Impact Assessment (EIA) screening: The EIA screening classified the action as Category C (no need for further assessment).
- Outcome of the Climate Risk Assessment (CRA) screening: The CRA screening concluded that this action is at no or low risk (no need for further assessment).

Gender equality and empowerment of women and girls: As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1.

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

3.4. Risks and lessons learned

| Risks | Risk level | Mitigating measures |
|--|------------|--|
| Political instability within some of the partner countries, preventing a regional focus on energy and climate mitigation actions | H | Adoption of a progressive or variable projects' approach |
| Limited willingness of partner countries to cooperate and co-design possible regional and/or sub-regional energy-related strategies/action plans | M | Dedicated awareness means and collaborative actions to promote the importance and interest of regional cooperation, and support to policy dialogue |
| Limited involvement and uneven interest from programme's key stakeholders | M | Flexibility to keep in all components of the programme, in order to allow partner countries to choose between different levels of partnerships |

| | | |
|--|--|--|
| | | without jeopardising the overall programme's implementation. |
|--|--|--|

Lessons learned:

- The renewed UfM Ministerial Declaration on Energy signed in June 2021 has reaffirmed the willingness of partner countries to better cooperate on a clean energy transition pathway at regional level.
- Regional cooperation facilitates the relations between neighbouring countries, and sub-regional cooperation approaches may prove effective in certain sectors or as demonstration cases.
- Flexibility in both the approach and the proposed cooperation instruments must be sought to enable the EU and its partners to respond to ever-changing circumstances and needs.
- Energy market integration and interoperability/interconnections require the adoption of minimum comparable technical and economic standards that can only be achieved through regional cooperation
- Regional programmes require extensive organisational work in order to secure adhesion of the participating countries and stakeholders, which in turn requires consistent dedicated resources.

This Action will build on the achievements (and ensure continuity) of previous EU-funded projects that have supported regional energy associations which have been formally nominated as key stakeholders of the Union for the Mediterranean Energy platforms: the Association of Mediterranean Regulators for Electricity and Gas (MEDREG), the Association of Mediterranean Transmission System Operators (MED TSO), and Observatoire Méditerranéen de l'Énergie (OME). Improved synergies will be sought with other EU-funded projects financed under the bilateral and regional envelopes or the Neighbourhood Investment Platform (NIP), and the two energy-related guarantee schemes financed under the European Fund for Sustainable Development (EFSD), and launched in 2019.

In particular, the outputs from the EU-funded regional projects “MEETMED I and II” (implemented by the Mediterranean Association of the National Agencies for Energy Conservation-MEDENER and the Regional Centre for Renewable Energy and Energy Efficiency-RCREEE, and promoting renewables and energy efficiency in buildings and appliances), “ClimaMed” (in particular its support to municipalities and enhanced access to climate finance) and “MedSTAT” will be considered. Cooperation programs from other International Financing Institutions will also be carefully considered.

3.5. Intervention logic

The strategic intervention of this Action aims at fostering more efficient, secure and better integrated energy systems and markets in the Southern Neighbourhood region, which would become more climate-adapted and climate-resilient.

On one hand, expected impact, outcomes and outputs will be reached by entrusting ambitious work plans and activities to qualified associations that are well recognised within the UfM Energy framework and that have already been active on the energy sector for many years.

Direct grants will be awarded to the Association of Mediterranean Regulators for Electricity and Gas (MEDREG), the Association of Mediterranean Transmission System Operators (MED TSO) and the Observatoire Méditerranéen de l'Énergie (OME). The grant to the OME will - among others but not exclusively - finance some of its activities as Secretariat of the UfM Gas Platform. The share of EU co-financing for each of the grant contracts will be reduced compared to previous rates, as a requirement towards more financial sustainability of these regional associations in a mid/long term and to increase commitment and ownership of the participants.

In addition, the EU shall also support activities of the High Level Working Group of the East Mediterranean Gas Forum (EMGF), an international organisation initiated on 14 January 2019 in Cairo by the Ministers of Energy of Egypt, Cyprus, Greece, Israel, Italy, Jordan and Palestine Ministers of Energy. This Forum aims at fostering sub-regional cooperation following the significant offshore gas discoveries in the Eastern Mediterranean. Successive 1-year (direct) operating grants will be awarded.

On the other hand, following the EU Green Deal's ambitions and the political priorities of the recent UfM Ministerial Declaration on Energy signed in June 2021, particular attention and support will be given to boosting the value chains of green electrons and molecules. This shall require a specific technical assistance contract that will accommodate to needs at regional, sub-regional and possibly country-level in close coordination and complementarity with other donor community's activities on the matter.

The assumptions are as follows:

- Energy security and climate action remain amongst the main priorities of partner countries' national development plans for the coming decades, and governments show willingness and readiness to adopt proactive and innovative political initiatives in this sense.
- Countries' policy makers and specific agencies dealing with energy (and climate action) are willing to share their experience within the region.
- All partner countries show commitment and proactivity in allocating necessary human, financial and material resources that ensure a sound implementation of the Action.
- In each partner country, gender balanced national action plans (well aligned with the Paris Agreement and the 2030 Agenda for Sustainable Development) are in place to guarantee women's involvement in relevant capacity building, decision-making and implementing processes.

The political dimension of the Union for the Mediterranean remains a powerful leverage to progress on issues of common interest at regional (or sub-regional) level, which justifies the choice of addressing key energy challenges within this framework.

3.6. Indicative Logical Framework Matrix

| Results | Results chain: Main expected results | Indicators | Baselines (year) | Targets (year) | Sources of data | Assumptions |
|------------------|--|---|-------------------------|-------------------------|---|---|
| Impact | Partner countries' energy intensity decreases through more energy efficient sector policies, greenhouse gases emissions and air pollution are reduced through low carbon technologies' spreading and the massive deployment of renewables (on and offshore). | Evolution of the partner countries' energy mix and energy intensity Progress of partner countries in achieving their NDC's (Nationally Determined Contributions) commitments | Country specific (2022) | Country specific (2026) | Reports from Observatoire Méditerranéen de l'Energie (OME) Annual reports from Partner countries' Ministry of Energy | <i>Not applicable</i> |
| Outcome 1 | Private and public sustainable investments (from domestic and international sources) increase and uphold a massive deployment of (on and offshore) renewables and energy efficiency measures in Southern Neighbour countries | Evolution of foreign and domestic financial investments for (on and offshore) renewables and energy efficiency | Country specific (2022) | Country specific (2026) | Annual reports from Partner countries' Ministries of Energy and Finance | Energy security and climate action remain amongst the main priorities of partner countries' national development plans for the coming decades, and governments show willingness and readiness to adopt proactive and innovative |
| Outcome 2 | Euro-Mediterranean electricity and gas systems are strengthened and become gradually more integrated. | Increase of cross border electricity and gas trading | Country specific (2022) | Country specific (2026) | Reports of Observatoire Méditerranéen de l'Energie (OME) and MED TSO Association | |
| Outcome 3 | Decarbonised gases (including green hydrogen) are gradually confirmed as credible alternatives to fossil fuels. | Share of decarbonised gases in the energy mix | Country specific (2022) | Country specific (2026) | Annual reports from Partner countries' Ministry of Energy | |

| | | | | | | |
|--------------------------------------|--|--|-------------|---------------|--|---|
| Outcome 4 | Regional cooperation on Energy becomes increasingly efficient and structured | Share of 2021 UfM Energy Declaration's political intentions turned into concrete actions (by Southern Neighbour countries) | 0 (2022) | 50% (2026) | External evaluation report (to be contracted by the European Commission) | political initiatives in this sense. |
| Output 1 related to outcome 1 | Enhanced harmonised regulatory frameworks for gas and electricity that favour cross border interoperability and incentivise sustainable investments | Number of new commonly agreed regulatory methodologies at regional or sub-regional level | 0 (2022) | 10 (2026) | MEDREG Association reports | Countries' policy makers and specific agencies dealing with energy (and climate action) are willing to share their experience within the region. |
| Output 1 related to outcome 2 | More efficient functioning of electricity transmission systems operators through optimised planning capacities and operations' processes (including the issue of energy storage) and the promotion of digital technologies | Number of man days of technical assistance being successfully provided to TSOs | 0 (2022) | 150 (2026) | MED TSO Association reports | All partner countries show commitment and proactivity in allocating necessary human, financial and material resources that ensure a sound implementation of the Action. |
| Output 2 related to outcome 2 | Upgrade of Energy Scenarios and Electricity Masterplans for the Mediterranean region | Number of reports produced | 0 (2022) | 4 (2026) | MED TSO and OME reports | In each partner country, gender balanced national action plans (well |
| Output 3 related to outcome 2 | Drafting of a long term strategy for the East Mediterranean Gas Forum, that specifies the gradual setup of a sub-regional gas market, while ensuring a clean energy transition and the environmental sustainability of gas exploration, production, transportation and infrastructure building, inter alia through promoting gas integration with other energy resources, notably renewables, and in the power grid. | Drafting and release of the strategy | 0 (2022) | 1 (2026) | EMGF annual report | |

| | | | | | | |
|--------------------------------------|--|---|--------------|--------------|--|--|
| Output 1 related to outcome 3 | Formulation of regional and sub-regional development plans or studies for natural and decarbonised gases, based on existing and future gas supply-demand schemes and infrastructures in the Mediterranean region and its neighbour countries | Number of regional and sub-regional development plans or studies being drafted and disseminated | 2 (2022) | 6 (2026) | OME reports | aligned with the Paris Agreement and the 2030 Agenda for Sustainable Development) are in place to guarantee women's involvement in relevant capacity building, decision-making and implementing processes. |
| Output 1 related to outcome 4 | Effective capacity building and exchange of experiences in the framework of a newly established regional network promoting “Mediterranean green electrons and molecules (MED-GEM)” | Number of events being successfully provided by the MED-GEM services contractors | 0 (2022) | 30 (2026) | MED-GEM contract’s reports and external evaluation | |
| Output 2 related to outcome 4 | Efficient functioning of the 3 UfM Energy platforms, leading to policy convergence and dissemination of good practices. | Number of meetings and workshops within the 3 UfM Energy platforms | 10 (2022) | 18 (2026) | Annual report from the UfM Secretariat | |

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing agreement

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

4.2. Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Financing Decision.

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

4.3. Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁴.

4.3.1. Direct Management (Grants)

4.3.1.1 Grant: (direct management) *direct award – Support to the co-operation between the Euro-Mediterranean Energy Regulators (MEDREG)*

(a) Purpose of the grant

This grant aims at contributing to the gradual development and setup of an integrated Euro-Mediterranean energy market, by harmonising energy market design and rules that ensure open and non-discriminatory market access, adequate and sustainable investments (in particular for renewables), and consumer protection. Expected results indicatively entail (i) enhanced harmonised regulatory frameworks for gas and electricity that favour cross border interoperability and promote investments; (ii) promotion of smart digitalisation technologies at all levels of the energy supply chain; (iii) consolidation of common principles on renewable energy sources' integration in the market (including at consumer level); (iv) tailored support to the setup of independent regulators and enhanced staff capacities; (v) efficient support to secretarial tasks of the UfM Regional Electricity Market Platform, in close collaboration with the MED TSO Association.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Association of Mediterranean Regulators for Electricity and Gas (MEDREG).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because, as per Article 195(f) of the Financial Regulation, such modality is allowed for actions having specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative powers, on the condition that the activities concerned do not fall within the scope of a call for proposals. This is the case of the Association of Mediterranean Regulators for Electricity and Gas (MEDREG) as it is the only platform for the construction of a coherent and efficient regulatory framework and the promotion of a shared regulatory culture at regional level.

4.3.1.2 Grant: (direct management) *direct award – Support to the co-operation between the Euro-Mediterranean Transmission System Operators (MED TSO)*

(a) Purpose of the grant

¹⁴ 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.

This grant aims at promoting the progressive integration of partner countries' transmission networks (taking into account energy efficiency requirements), the enhancement of cross-border electricity exchanges as well as renewable energy sources' integration in the Mediterranean region, through the coordination of both national development plans and access rules to the grids. Expected results indicatively entail (i) improvement of the Mediterranean Transmission Network Development plan, (ii) consolidation of common technical regulatory frameworks, (iii) optimised planning capacities and operations processes, and (iv) efficient support to secretarial tasks of the UfM Regional Electricity Market Platform, in close collaboration with the MEDREG Association.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Association of Mediterranean Transmission System Operators (MED TSO).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because, as per Article 195(f) of the Financial Regulation, such modality is allowed for actions having specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative powers, on the condition that the activities concerned do not fall within the scope of a call for proposals. MED TSO is an extension of the Mediterranean region of the European Transmission System Operators (ENTSO-E). Therefore, MED TSO is the single and only association gathering electricity companies operating the grids (from 19 Mediterranean countries), including both EU and non EU Member States at regional level, and whose contribution remains at the core of the dynamics of Mediterranean energy markets' integration.

4.3.1.3 Grant: (direct management) direct award – Support to regional cooperation towards an integrated market for natural and decarbonised gases in the Southern Neighbourhood region (OME)

(a) Purpose of the grant

This grant aims at contributing to the gradual setup of a secure, sustainable and integrated Euro-Mediterranean market for natural and decarbonised gases, by promoting security, transparency and predictability of both supply and demand (while fairly taking into account the interest of producing and consuming countries).

Expected results indicatively entail (i) the assessment of natural and decarbonised gases' supply-demand balances and perspectives for trade evolutions in the Mediterranean region, in particular considering the clean energy transition's objectives of numerous Mediterranean countries; (ii) the state of play of power to gas technologies; (iii) the drafting and update of Mediterranean energy perspectives and scenarios; and (iv) efficient secretarial tasks of the UfM Gas Platform.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Observatoire Méditerranéen de l'Energie (OME).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because, as per Article 195(f) of the Financial Regulation, such modality is allowed for actions having specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative powers, on the condition that the activities concerned do not fall within the scope of a call for proposals. This is the case of the Observatoire Méditerranéen de l'Energie (OME) which gathers since 1988 the leading energy companies operating in the Mediterranean region, and has been formally nominated as Secretariat of this UfM Gas Platform. It is worth noting that the recent UfM Ministerial Declaration on Energy mentions that Member States agree to "further develop national integrated energy and climate modelling and scenarios, collaborate on the Mediterranean energy scenarios with the Observatoire Méditerranéen de l'Energie, and take into consideration the nexus energy-water-food".

4.3.1.4 Grant: (direct management) direct award – Support to the East Mediterranean Gas Forum

(a) Purpose of the grant

This succession of 1-year operating grants aims at contributing to the establishment of the "East Mediterranean Gas Forum" (EMGF), an international organization initiated on 14 January 2019 in Cairo by the Ministers of Energy of Egypt, Cyprus, Greece, Israel, Italy, Jordan and Palestine. Following the significant offshore gas discoveries in the Eastern Mediterranean that have a profound impact on the region's energy and economic developments, partner countries have affirmed their commitment to foster cooperation and initiate a structured and systematic policy

dialogue on natural gas, potentially leading to the development of a sustainable regional gas market that could unlock the full gas resource potential in the region. These successive 1-year operating grants will support the activities of the EMGF including the drafting of its long term strategy.

(b) Justification of a direct grant

Under the responsibility of the Commission’s authorising officer responsible, the grants may be awarded without a call for proposals to the “East Med Gas Forum”.

Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because, as per Article 195(f) of the Financial Regulation, such modality is allowed for actions having specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative powers, on the condition that the activities concerned do not fall within the scope of a call for proposals. This is the case of the East Med Gas Forum, as the only formal platform for sub-regional cooperation between gas producing countries (including new potential producers), buyers and transit countries in the region, also involving the gas industry and the private sector (including investors, traders, financing entities and other stakeholders in this regard).

4.3.2. Direct Management (Procurement)

The procurement of a services contract named “Support to a Mediterranean green electrons and molecules network-GEM” will contribute to both expected impacts as per section 3.1. The project’s purposes are as follows:

- to create and implement a regional network of experts on Mediterranean Green Electrons and Molecules (GEMs). The “MED-GEM network” will gather a large variety of public and private stakeholders and act as a catalyst for the development of cooperation frameworks on GEMs. In particular, the project will support the elaboration of policies and initiatives for the deployment of sustainable hydrogen and of other forms of energy based on sustainable hydrogen.
- to raise awareness on the imperative need for a prompt “behavioural change” in front of growing energy and climate change challenges. The project will implement capacity building activities in order to strengthen (among others) civil society organisations’ advocacy skills and accompany awareness campaigns; where appropriate, decision makers shall be associated.

4.4. Scope of geographical eligibility for procurement and grants

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

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5. Indicative budget

| Indicative Budget components | EU contribution (amount in EUR) | Third party contribution (amount in EUR) |
|--|--|---|
| Grant (direct management) - Support to the cooperation between the Euro-Mediterranean Energy Regulators (MEDREG) | 2 700 000 | 900 000 |
| Grant (direct management) - Support to the cooperation between the Euro-Mediterranean Transmission System Operators (MED TSO) | 2 000 000 | 670 000 |
| Grant (direct management) - Support to regional cooperation towards an integrated market for natural and decarbonised gases in the Southern Neighbourhood region (OME) | 1 300 000 | 400 000 |
| Grant (direct management) – Support to the East Mediterranean Gas Forum | 1 000 000 | 200 000 |
| Grants – total envelope under section 4.3.1 | 7 000 000 | 2 170 000 |

| | | |
|---|-------------------------------------|------------------|
| Procurement (direct management) – cf. section 4.3.2 | 3 000 000 | N.A. |
| Evaluation - cf. section 5.2 Audit - cf. section 5.3 | will be covered by another decision | N.A. |
| Communication and visibility - cf. section 6 | N.A. | N.A. |
| Totals | 10 000 000 | 2 170 000 |

4.6. Organisational set-up and responsibilities

This action will be managed by Commission services (Directorate General for Neighbourhood and Enlargement Negotiations) and, where relevant in close co-operation with other Commission services and other relevant stakeholders. For each component, in cases where a Steering Committee is created, the participation of relevant Commission services is foreseen.

4.7. Pre-conditions

The action shall be implemented in an effective and timely manner under the conditions that partner countries keep pursuing their commitments to reach the objectives of their respective NDC's, National Energy Efficiency Action Plan and National Renewable Energy Action Plan. This shall imply the drafting, approval and enforcement of relevant regulatory frameworks (in particular as regards the conditions for third party access to the electricity grid for power generation, and energy efficiency promotion in all sectors of the economy), as well as the setting up of well-staffed and permanent institutions in charge of fostering energy efficiency and renewables.

These conditions will be verified, country per country, by each of the Action's direct beneficiaries, who will report on a regular basis to the European Commission on their degree of fulfilment.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and reporting

Each project financed under this Action will entail a log frame matrix that the Commission will agree on while signing the contract. Project's beneficiaries will setup their own internal monitoring system and conduct, during the whole implementation of the project, an in-depth analysis and follow-up of the degree of achievement of the log frame matrix's provisions.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partners' responsibilities. To this aim, the implementing partners 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.

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

5.2. Evaluation

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

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular (i) the innovative approaches fostered through numerous activities financed under this programme, and (ii) the highly expected potential for synergies and complementarity with other actions financed by the European Union in the framework of its bilateral co-operation with each country in the region.

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

The evaluation reports shall be shared with the partner countries and other key stakeholders following the best practice of evaluation dissemination. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner countries, jointly decide

on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

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

5.3. Audit and verifications

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

6. COMMUNICATION AND VISIBILITY

Communication and visibility is a contractual obligation for all entities implementing EU-funded external actions to advertise the European Union's support for their work to the relevant audiences.

To that end they must comply with the instructions given in the *Communication and Visibility Requirements of 2018* (or any successor document), notably with regard to the use of the EU emblem and the elaboration of a dedicated communication and visibility plan, to be completed for every action at the start of implementation.

These obligations apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries or entrusted entities. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

Communication and visibility measures may be funded from the amounts allocated to the action. For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds.

Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and concerned EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before work starts. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.