



ANNEX 3

of Commission Implementing Decision on the ENI East Regional Action Programme 2020
part 4, to be financed from the general budget of the Union

Action Document for Covenant of Mayors Eastern Partnership phase III

MULTIANNUAL PROGRAMME

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Covenant of Mayors Eastern Partnership phase III CRIS number: 042-913 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	Eastern Partnership countries (EaP): Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine. The action shall be carried out in the following location: EaP countries.	
3. Programming document	Programming of the European Neighbourhood Instrument (ENI) - 2014-2020- Regional East Strategy Paper (2014-2020) and Multiannual Indicative Programme (2017-2020).	
4. Sustainable Development Goals (SDGs)	Main SDG 7 (access to affordable, reliable, sustainable and modern energy for all); Other SDGs: SDG 11 (making cities and human settlements inclusive, safe, resilient and sustainable); SDG 13 (Take urgent action to combat climate change and its impacts).	
5. Sector of intervention/ thematic area	Urban development and management	DEV. Assistance: YES- ¹

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

6. Amounts concerned	Total estimated cost: EUR 6 million Total amount of European Union (EU) contribution EUR 6 million from the general budget of the European Union for 2020			
7. Aid modality(ies) and implementation modality(ies)	Project Modality: Direct management through: - Procurement and Administrative Arrangement with: - Joint Research Centre			
8 a) DAC code(s)	43030 Urban Development and Management/Local public administration			
b) Main Delivery Channel	Main channel: 12000 Recipient Government Detailed channel: 12002 Local Government			
9. Markers (from CRIS DAC form)²	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	x	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	x
	Disaster Risk Reduction	X		
	Gender equality and Women's and Girl's Empowerment ³	x	<input type="checkbox"/>	<input type="checkbox"/>
	Trade Development	x	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	x
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	x
	Internal markers	Not targeted	Significant objective	Principal objective
	Digitalisation	x	<input type="checkbox"/>	<input type="checkbox"/>
COVID-19 Response	<input type="checkbox"/>	x	<input type="checkbox"/>	
10. Global Public	N/A			

² When a marker is flagged as significant/principal objective, the action description should reflect an explicit intent to address the particular theme in the definition of objectives, results, activities and/or indicators (or of the performance / disbursement criteria, in the case of budget support).

³ Please check the Minimum Recommended Criteria for the Gender Marker and the Handbook on the OECD-DAC Gender Equality Policy Marker. If gender equality is not targeted, please provide explanation in section 4.5.Mainstreaming.

SUMMARY

This programme follows the successful Covenant of Mayors for Eastern Partnership Programmes (*Covenant of Mayors – East* programme (2010-2015) and (2016-2020). It provides for a consolidation and enhancement of engagement in this area and is bringing the EaP closer to the people in a key sector outlined in the “Joint Communication on the Eastern partnership beyond 2020.”

The EU has provided substantial support to local authorities in the Eastern Partnership (EaP) region through these Programmes and the Covenant of Mayors continues to play a central role in EU cooperation with EaP countries. It has been rolled out in the region since 2011 with a dedicated secretariat, demonstration projects and technical support, as well as investment projects, which so far have mostly focused on energy efficiency. The initiative was built on the example of the EU Covenant and enjoys a reputation of a strong European brand, which remains attractive for municipalities. This is illustrated by the fact that since 2015, the number of signatories in the region has doubled every year, now counting among the highest number outside the EU – over 440 signatories with 378 being active members⁴

The Covenant of Mayors’ integrated approach responds to the new growth strategy enshrined in the European Green Deal, the post-COVID-19 green recovery and is in line with a number of EU priorities not only concerning energy efficiency, climate mitigation and adaptation but also in terms of embracing a robust transparency framework for the implementation of the Paris agreement. It is the first initiative of its kind addressed to local authorities which requires signatories to define a binding target, commit to developing an action plan addressing mitigation and adaptation and to monitoring the results on a regular basis in order to track progress towards their targets.

At the same time, important challenges continue hindering CoM signatories to develop and implement their SECAPs, as concluded during the phase II. These include highly centralized fiscal administration and annual municipal budgeting, lack of technical and administrative capacity, lack of knowledge about energy and climate projects, as well as barriers to access finance, in particular for the small and medium size municipalities.

The Covenant of Mayors EaP phase III will therefore build on the success and challenges of the previous phases by expanding and deepening EU support to signatory municipalities. While phase I focused on supporting municipalities to sign up to the initiative, and phase II – on development and implementation of their Sustainable Energy and Climate Action Plans (SECAPs); phase III will focus on providing more targeted support to different sizes of signatories with various degrees of experience, all while maintaining the good support basis

⁴ Active members are those that meet their planning deadlines after joining the CoM initiative, such as development of a SECAP. More on: <https://www.covenantofmayors.eu/about>

developed under first two phases. The current Action will focus on two pillars: (1) the CoM secretariat is to be strengthened including through a possible antenna and (2) scientific and technical assistance by the Joint Research Centre (JRC). Other pillars – grant demonstration projects and a technical support team – are already ongoing. By stepping up support through the CoM secretariat and JRC expertise, CoM EaP III will deliver real benefits to the local population of municipalities in EaP countries, in particular in the energy and climate sectors.

1 CONTEXT ANALYSIS

1.1 Context Description

The impacts of climate change are heavily affecting cities, with negative impacts expected to rise. Gradual climatic processes (e.g. increasing ambient air temperatures, rising sea levels) and the increasing frequency of extreme weather events (heat waves, droughts, storm surges or floods) cause damage to urban infrastructures and cost lives. This process is expected to accelerate in the years and decades to come. While urban areas will generally experience the same exposure to climate change as surrounding regions, the concentration of people and assets in urban areas can increase any potential local impact. Cities are moreover largely responsible for GHG emissions, often with unsustainable patterns concerning energy sources and consumption.

Energy reduction is high on the political agenda of most EaP countries, as they are often highly dependent on expensive imported natural gas, which places a heavy burden on their economies. Although efforts have been made to improve the policy frameworks, economies are still energy intensive and are characterised by low efficiency of energy production/use and low penetration of renewables. Investing in local authorities (LAs) to fight climate change will not only reduce their energy dependence, it will also make them more resilient to natural disasters, and also make their economies more competitive, thus leading to local job creation and economic growth.

1.2 Policy Framework (Global, EU)

The 2015 Paris Agreement recognises the role of cities and other subnational authorities to reduce emissions and to build resilience and decrease vulnerability to the adverse effects of climate change. The agreement welcomes the efforts of cities and other subnational authorities, civil society, the private sector and other actors. The preamble of the Agreement also calls to uphold and promote regional and international cooperation in order to mobilise stronger and more ambitious climate action by these non-Party stakeholders.

In view of the considerations above, if the world is to achieve the objectives set in the Paris Agreement⁵, it is crucial to work with cities to adapt to climate change and to reduce

⁵ The Paris Agreement central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. Additionally, the agreement aims to strengthen the ability of countries to deal with the impacts of climate change.

greenhouse gas emissions in all sectors, such as buildings, waste management, transport and energy infrastructure. Cities are well placed to drive awareness and participation of local communities. It is important to ensure that cities are prepared for the climate challenge and increase safe and sustainable investments in low greenhouse gas, climate-resilient spatial planning, infrastructure, services and environment to maintain their competitiveness and attractiveness, and ultimately to avoid higher costs and risks in the future. The Global Covenant of Mayors takes this mission forward and develops initiatives at global level with the aim to leverage the political, policy, financial and awareness support necessary to put cities in the driving seat for climate action.⁶

The EU recognises and promotes the essential role of cities and regional governments in addressing the climate change, achieving clean energy transition as well as the 2030 Agenda for Sustainable Development, and the New Urban Agenda adopted in Quito in October 2016. Cities and regions are also set to play a key role in the Green Deal as proposed by the European Commission⁷. In Europe, broad city engagement on climate change has been operationalised through the Covenant of Mayors for Climate and Energy, launched in 2008, which became a global initiative in 2016 and now comprises over 10 000 cities.⁸ The Covenant supports the adoption and implementation of SECAPs in three areas: 1) mitigation, 2) adaptation, and 3) access to secure, sustainable and affordable energy (focus on energy poverty in the context of the EU). Its success became the model for similar EU-funded initiatives in other regions, including the Eastern Partnership countries. The EU will step up financing for climate action by at least 25% under the new MFF for 2021-2027⁹, as well as the central role of climate in the NDICI instrument proposal and the European Green Deal. The CoM initiative therefore has the potential to become even more instrumental in delivering on EU's commitments of climate neutrality by 2050.

The political forum of regional and local authorities of the EU and EaP countries – CORLEAP – has acknowledged and proactively endorsed CoM for its bottom-up approach in addressing local energy and climate challenges, in particular in energy efficiency¹⁰.

In March 2020, the European Commission adopted an updated policy-framework for the Eastern Partnership “Eastern Partnership policy beyond 2020 Reinforcing Resilience - an Eastern Partnership that delivers for all”¹¹. The Council of the European Union in its May 11 Conclusions noted with appreciation the challenges and opportunities identified in the March Communication, and reiterated the need for urgent action to address issues of environmental, climate and energy challenges. This new framework has been agreed by all Eastern Partner Countries at a leaders' conference on 18 June 2020. With this new framework the EU goes beyond the deliverables for 2020 and provides guidelines in cluster 4.3 *Together towards*

⁶ More on www.globalcovenantofmayors.org and in section on complementarity with other programmes.

⁷ https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf

⁸ <https://www.globalcovenantofmayors.org/about/>

⁹ The Council's agreement on the MFF and NGEU proposes 30% <https://www.consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf>

¹⁰ https://cor.europa.eu/en/ourwork/Documents/CORLEAP/CORLEAP_Report_on_Energy_Efficiency_EN_FIN_AL.pdf The Conference of the regional and local authorities for the Eastern Partnership is a body set up by the Committee of Regions. It is EU's main body for engagement with EaP local authorities in all sectors.

¹¹ JOIN(2020) 7 final; Eastern Partnership policy beyond 2020. Reinforcing Resilience - an Eastern Partnership that delivers for all, 18.3.2020

environmental and climate resilience: The EU will work together with the partner countries to transform the region into fair and prosperous societies, with modern, resource-efficient, clean, circular and competitive economies, while increasing their environmental and climate resilience, including through more sustainable use of natural resources. The EaP will therefore need to: (i) scale up action in areas that are critical for people's health and wellbeing; (ii) increase the resource-efficiency of economies; (iii) develop new green jobs and economic opportunities linked to the green transition; (iv) develop local and renewable sources of energy; and (v) manage natural assets to maximise sustainability. Furthermore, while the effects of COVID-19 pose a substantial challenge to partner countries as well as cities, the European Green Deal and the digital transformation have been confirmed as the common denominators running through the recovery efforts against obsolete carbon economies of the past. The EU will support this transition, giving due respect to global challenges and environmental and climate realities in the partner countries. The programme will therefore focus first on the low-hanging fruits, such as matching larger cities with commercial finance and upstreaming project pipelines with highest climate and energy reduction impact.

1.3 Public Policy Analysis of the partner country/region

The EaP countries have been actively involved in the adoption of the UN Development Agenda 2030 and welcomed the Sustainable Development Goals (SDGs). To differing degrees, Nationally Determined Contributions (NDCs) of all EaP countries highlight the need to decouple economic growth from GHG emissions and to advance with related policy reforms. The present Action intends to empower municipalities in the path towards climate resilience and sustainable development, leading to socioeconomic growth and improved wellbeing of its citizens. It will therefore contribute to achieving some of the Sustainable Development Goals (SDG) of the Agenda 2030 for sustainable development: SDG 7 (access to affordable, reliable, sustainable and modern energy for all); SDG 11 (making cities and human settlements inclusive, safe, resilient and sustainable); SDG 13 (Take urgent action to combat climate change and its impacts).

In recent years, efforts for decentralisation and modernising public administration have pushed central governments in the EaP countries to attribute to local authorities (LAs)¹² increased responsibilities, such as the management/maintenance of water supply, roads, public light, waste, schools and kindergartens, social housing, social integration and shelter as well as other communal services. However, the process of policy formulation on cohesion and territorial development is still highly centralized and vertically organised in all EaP countries while overall capacities of LAs to participate in policy dialogue, to define their own economic and social policies and to deliver municipal services are still weak. Nevertheless, LAs are increasingly taking own initiatives when defining their future development and in influencing central governments on issues that are particularly important at local level. The fact the EaP region counts more than 440 CoM East signatories illustrates this.

¹² In this context the term «LAs » refers to public institutions with legal personality, component of the State structure, below the level of central government and accountable to citizens. LAs are usually composed of a deliberative or policy-making body (council or assembly) and an executive body (the Mayor or other executive officer), directly or indirectly elected or selected at local level. The term encompasses different tiers of government, e.g. villages, municipalities, districts, counties, provinces, regions, etc.

LAs often lack financial means to finance infrastructure projects as they remain dependent on transfers from the state budget for investments. Moreover, the transfers of funds are not always timely and predictable. The state budget for support to municipalities might be adequate to cover operational costs, but are insufficient to undertake considerable investments (6-7% of overall budget). In the call for proposals organised under the SUDeP programme – Sustainable Urban Demonstration Projects (SUDePs) several projects in Ukraine have encountered significant delays in the start-up phase due to the late approval and disbursement of the central authorities. The lack of know-how in the LA for preparing, tendering, monitoring infrastructural investments, represents a major obstacle for their development. Therefore it needs to be addressed as a priority in order to prevent and address regional imbalances and contribute to a successful decentralisation process.

It is with the purpose of overcoming a number of obstacles in order to unlock the development potential of LAs that the European Commission reaffirms the importance of LA in partner countries in achieving development objectives. It therefore proposes a more strategic engagement for their empowerment¹³.

1.4 Stakeholder analysis

The main beneficiaries of this Action are local authorities in the EaP countries. In addition, national and regional authorities will be involved in the programme whenever relevant. The programme will also support engagement with civil society organisations, the local population, as well as private sector and other business associations (the chambers of commerce, for example) and potential investors in the energy, waste and other relevant sectors. The Action will proactively reach out to involve more women and youth as they are often the main final beneficiaries and at the forefront of local energy and climate action.

National associations of local authorities¹⁴ will also continue to be involved. These play a key role in empowering local authorities to debate issues of common concern and formulate joint positions towards the national government, European Union institutions and agencies, but also towards other relevant society stakeholders, such as the organised civil society, or towards international donors. They act as irreplaceable hubs for awareness-raising and for capacity-building of the entire local government sector, facilitate networking among local authorities, mediate horizontal know-how transfer, and are active in training of local elected representatives (mayors and councillors) as well as civil servants in local authorities.

There is a network of supporting structures under CoM. These mainly involve public authorities and networks of cities focusing on energy policy and climate. These supporting structures will be involved as active partners in the project's activities.

¹³ In continuity and complementarity with the Commission Communication “Empowering LAs in partner countries for enhanced governance and more effective development outcomes” (2013). Retrieved from:http://ec.europa.eu/europeaid/what/civil-society/documents/com_2013_280_local_authorities_in_partner_countries_en.pdf

¹⁴ The term «Associations of Local Authorities» is to be understood as umbrella organisations based on membership and representativeness at sub-national, national, sub-continental, continental and international level. They may be organised as an autonomous entity in accordance with the legislation in force in the country of registration. Associations of Local Authorities may be composed of a representative body elected by its LA members and a permanent secretariat.

1.5 Problem analysis/priority areas for support

While building on the successes of the last nine years, the initiative should address a number of challenges that LAs continue to face. In the context of varying degrees of commitments by national governments, local authorities have even more potential to become drivers of change in climate and energy.

This is especially true in the EaP, where countries differ significantly in governance, territorial division, degree of decentralisation and most importantly, approximation to and integration with the EU in the sectors of energy and climate. The European Neighbourhood Policy review of 2015¹⁵ confirmed the need to differentiate partnerships with EaP countries, allowing partners to determine the degree and pace of cooperation and approximation. This approach has meant that the ambitions and outcomes of EU engagement vary across the six countries, including in support to local authorities.

In most countries, LAs are increasingly taking initiative to define and implement actions at local level, including in the areas of energy efficiency, climate mitigation and adaptation, and urban planning. However, even where decentralization reforms have started (Ukraine, Armenia, Georgia, Moldova), they are not always accompanied by adequate level of local policy-making or fiscal autonomy, and LAs continue to lack the technical and financial capacities to work on sustainable energy and climate actions – even where the motivation is strong. Especially medium and small size municipalities suffer from a combination of the challenges below.

The **scale of climate change** impact, increasing frequency of and exposure to natural hazards growing energy costs and related **energy poverty**, combined with rapidly **deteriorating municipal infrastructure** in all EaP countries require technical support to municipalities together with large-scale mobilisation of resources to address these challenges. From a technical perspective, there is a large potential for green investments regarding municipal infrastructure and services – for example, in renovation of municipal buildings, street lighting replacement, scaling up renewables, district heating improvements and upgrades of infrastructure related to water and waste management. Regional specificities, such as suppressed demand in many municipality buildings as well as issues with oversized buildings should be taken into account.

Policy formulation on sectoral development is highly centralized and vertically organized in most EaP countries while overall capacities of LAs to participate in policy dialogue remain weak. National energy and climate plans are generally not disaggregated at the municipal level and involvement of the private sector and residents is rarely included. On the municipal level, sectoral planning is generally not accompanied by a vision for urban planning for the future, but instead tends to focus on maintaining what is already there. Gaps between the legal frameworks in climate and energy further undermine the municipal engagement in these sub-sectors.

Although a large number of local authorities have developed SE(C)APs, they are having difficulties in implementing these due to insufficient access to financial means. **Fiscal**

¹⁵ http://eeas.europa.eu/archives/docs/enp/documents/2015/151118_joint-communication_review-of-the-enp_en.pdf

centralization and insufficient financial viability remains one of the main constraints, especially for implementation of local projects. Municipalities often lack infrastructure projects as investments mainly depend on transfers from the state budget. These cannot be allocated or re-allocated without approval from the central government and as a result these transfers of funds are neither always timely and predictable, nor can they cover the investment costs. In most countries, municipalities require a sovereign guarantee to borrow and some also permissions to even do grant projects, where securing the necessary co-funding is often difficult. Ukraine is a notable exception, where the decentralization reform has resulted in growing fiscal autonomy for many municipalities and so increased their borrowing capacities, in particular those larger in size/amalgamated. Due to this, the potential for more borrowing at the level of smaller cities has increased, but it remains a key constraint in Ukraine as well as in the rest of the region.

Subsequently, **access to finance for municipal energy and climate projects** remains a key challenge. As demonstrated in a recent study on municipal finance in EaP countries¹⁶, high capital costs (15-20%) makes borrowing for municipalities in local currency too expensive, together with short term and creditworthiness limits. Deposit rates (often 15%) are too high to attract longer investments from private capital as this poses limitations for energy companies. It further limits other kind of investments to short term return. Few IFIs offer loans in local currency and so there is an exchange rate risk that limits borrowing. Private sector involvement remains slow and with varying degrees of success, mostly due to unclear market rules and access, as well as subsidized heat tariffs. In addition, given the limited fiscal autonomy and often artificial budgeting barriers to municipalities, private sector lacks incentives to build partnerships with municipalities. Although the situation varies from country to country, these barriers are especially difficult to overcome for small and medium size municipalities.

Lack of technical and administrative capacities in basic energy management, as well as in preparation and implementation of investment projects represents another major obstacle for municipal development in all countries. In the EaP region, only 20% of municipalities have a population over 50,000, which can be seen as the minimum size required to retain sufficient administrative capacity to develop and implement projects. High technical staff turnover further undermines the capacity-building efforts, while coordination with national authorities is often weak and top-down. The lack of technical capacity results in many LAs not utilising available financial resources, either because they are not aware of them or because they are unable to design bankable urban development projects in line with donors' requirements. These issues are most pronounced in Moldova and Ukraine, which both have a large number of small municipalities.

Shortcomings are also felt in technical and administrative capacities for climate change adaptation. Support is needed to identify threats and vulnerabilities, reduce exposure and impacts; strengthen resilience; and reduce vulnerability to climate change. According to the latest needs assessments, CoM signatories in EaP countries have made the explicit request for EU to support their capacities and projects in this area.

¹⁶ Municipal Finance Study on Energy, Climate and Environment Sectors in EaP Countries, Final report 2020, specific contract 2019/409-383/1.

Therefore, there is still a need for further strengthening planning capacities at municipal and community levels. This includes detailed planning for the use of locally available renewable energy sources and identification of optimal solutions for improving energy efficiency, for example for optimal modernisation of municipal district heating systems (including heat mapping), renovation of public buildings, municipal public transport, street lighting, as well as providing co-financing to private investments in energy efficiency in the housing sector. In some municipalities, as well as in the local public administrations there is also limited understanding concerning the interpretation of the new legislation on energy efficiency.

In sum, the level of access to finance in all EaP municipalities is largely determined by the size of the municipality, the degree of fiscal centralization and cost of finance from commercial banks. In combination with weak capacities in municipal teams to develop and implement projects, many find themselves in a vicious cycle of stagnation and even inability to find co-financing for grant-only projects, resulting in project cancellation and loss of donor funding¹⁷. Also where projects are developed, there exists a need for matchmaking with IFIs and other donors, as application processes are complex and not always known to LAs. This means that despite the growing number of CoM EaP signatories, a significant gap remains between the SECAPs developed within the initiative and their actual implementation.¹⁸

2 RISKS AND ASSUMPTIONS LESSONS LEARNT AND COMPLEMENTARITY

Risks	Risk level (H/M/L)	Mitigating measures
Political developments in the region could have an impact on the implementation of the Action, such as changes of political regimes, disputed national and local elections, and government crises.	M/H	Continuous policy dialogue at national level should help continue the Action which mostly concerns more technical sectors of energy and climate, as well as very local actions that are mostly politically neutral.
Local authorities in the region do not have similar powers to those in the EU Member States. They have limited experience in implementing sustainable policy or related action plans; and in project design and implementation. They tend to have difficulties in accessing sources of finance in their country or in the	M	Continuous dialogue with national level authorities on issues like decentralisation and fiscal autonomy for local authorities. National authorities are to be actively involved in the programme.

¹⁷ Cases of CoM-DeP demonstration projects in Moldova and Armenia.

¹⁸ According to the Joint Research Centre, 57% of active signatories have submitted an action plan (194 SEAPs and 96 SECAPs), while less than a half - 29% of these have submitted monitoring reports on their implementation.

international community (IFIs). In particular in Azerbaijan, the centralized administration and management system is not conducive for expansion of CoM EaP, as demonstrated by CoM phase I and II. There is a risk of low to no participation of municipalities in the initiative, despite an initial interest by the central and local administrations.		Maintain close coordination with the EUD Azerbaijan to step up dialogue with relevant authorities while continuing promotion of CoM in Azerbaijan.
High turnover of municipal staff, low absorption capacity and inadequate professional competences of civil servants.	M	Support local authorities by targeted trainings and capacity building to municipal staff working in energy and climate sectors. Offer trainings to more staff from different departments and sectors, so as to ensure as wide knowledge dissemination as possible.
Lack of consistency between local and national development policies may constitute a risk for the success of the programme.	L	Continuous dialogue with national level authorities on development policies and objectives (in particular for energy and climate sector). The programme will have to be vigilant to this, and ensure, to the extent possible, that the projects remain consistent with national sustainable development policies, as such avoiding that the national authorities would hamper the implementation of this programme.
Signatories do not manage to implement investment projects due to limited access to funding sources, stemming from exchange rate risks and high interest rates, as well as short budgetary cycles with low operating surpluses, and centrally determined barriers to municipal budgeting and spending.	M	Support on technical capacity to secure finance will be provided as part of the capacity building efforts. Continuous dialogue with national authorities on issues such as securing of co-funding for grants will also be needed. The Action will build on experience from CoM phase I and II, as well as lessons learned from the 33 demonstration projects implemented in EaP countries. The lessons learned shall provide evidence to national authorities, commercial and institutional investors about the potential of supporting SECAP implementation.
Political and social unrest, including related to unresolved conflicts.	H	Flexibility to allocate resources to other countries and other components of the programme
Assumptions		

Enabling environment - the autonomy of local authorities in the Neighbourhood region is sufficient to allow them to develop and implement urban development projects and to work with foreign cities and organisations;

In each partner country, **a sufficient number of cities** have, and are committed to, a sustainable local policy (on economic development, energy efficiency, waste/water management, urban transport, etc.) and have developed strategies to implement them (SECAPs or similar initiatives).

National authorities continue to take part in the discussions regarding the role of local authorities and support their initiatives. They make funds available for implementing sustainable local policy measures (SECAPs) and they allow for co-financing of sustainable local projects.

National policies will evolve and create more favourable conditions for local authorities. Actions under the above projects will be supportive in this regard, and the project itself must also be seen as an opportunity to contribute to this change, to increase national authorities' awareness of local authorities' potential role in implementing national sustainable policies.

The general public and the private sector are supportive of solutions for environmental and climatic challenges and willing to engage with the implementation of new sustainable local policy measures (SECAPs).

2.1 Lessons learnt

The EU has already provided substantial support for the development of LAs in the EaP region, such as through the CIUDAD programme (2009-2013), two phases of the Covenant of Mayors and the SUDeP programme. All of these programmes have shown a clear need for continued support to local authorities in the region.

A number of lessons learnt have been identified by implementing teams of CoM East II and SuDeP, as well as by the mid-term evaluation in Ukraine¹⁹, a DG NEAR evaluation of EU support to local authorities²⁰ and a recent study on Municipal Finance²¹ in EaP countries:

- CoM in EaP has developed an important direct connection between the EU and local authorities. This direct link should be maintained as it also serves as a policy dialogue instrument in energy and climate, and is important in the context of highly centralized administrations because it offers a project development, learning and networking platform for local authorities in a highly relevant sector for everyone: climate and energy. Further improvements in structural integration of regional and bilateral EU programmes, managed by EU Delegations, will foster this connection even more.

¹⁹ Mid-term evaluation of energy efficiency projects implemented within Covenant of Mayors and the E5P Programmes in Ukraine, CTR 2018/402728-1.

²⁰ Evaluation of EU support to local authorities in Enlargement and Neighbourhood regions (2010-2018), CTR 2018/401-372.

²¹ Municipal Finance Study on Energy, Climate and Environment Sectors in EaP Countries, Final report 2020, specific contract 2019/409-383/1.

The support from Joint Research Centre has proved to be indispensable to ensure scientific quality in line with global and EU standards when it comes to assessment of SECAP applications, monitoring of actions and providing recommendations.²² This component has thus provided credibility to the initiative and should be continued.

- Although CoM in EaP phase II has made efforts to differentiate between large and small signatories²³, the size of municipalities in all countries remains the key determinant for accessing finance for municipal projects. Over 30% of CoM signatories in EaP are with less than 100 000 inhabitants and most struggle to address even minor challenges in energy and climate, such as underheating in municipal buildings, not to mention natural disasters (i.e. floods). While larger cities often already have experience with pilot projects, either through grants or loans from International Finance Institutions and commercial banks (i.e. through the E5P Fund, NEFCO), most CoM in EaP require grant-intensive project finance. The study therefore recommends to differentiate capacity building and financing mechanisms (loans/grants/blending) according to the size of CoM signatory as a key principle.
- One of the key objectives of CoM EaP phase II was to embed the initiative in the national structures of the partner countries where they would perform some functions currently provided by the CoM secretariat (promotion within the country, capacity building, coordination & alignment with national frameworks). Although the EaP is the region outside the EU where involvement of national authorities in CoM is most advanced, so far Ukrainian authorities have taken a more active role in supporting CoM in this manner. This has proven to be a particularly challenging task for the CoM secretariat as it has a limited mandate to conduct policy dialogue with national authorities. Integration of CoM objectives into the work of EU Delegations and other EU programmes (EU4Climate, EU4Energy, and EU4Environment) could therefore be beneficial to advance on this.
- At the same time, demand from signatories for capacity building both for technical expertise, awareness raising and financing mechanisms is increasing. The needs are also becoming more diverse, depending on country, municipality size, experience with project implementation etc. Subsequently, the CoM secretariat in EaP has had to rely more on national coordinators, as well as devote more resources for Ukraine, where signatories are especially active. CoM EaP phase III will therefore restructure its work to provide optimal support both at regional and country level. CoM EaP III will also promote more diverse financing models, based on the approach above (project bundling, more TA for project preparation, standardization of projects).

²²

<https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/covenant-mayors-evaluation-sustainable-energy-action-plans-eastern-partnership-and-central>

²³ For example, the phase II Call for Proposals for Demonstration Projects in Ukraine had eligibility criteria of less than 200 000 inhabitants for applicants.

- Energy efficiency dominated strongly the previous phases of CoM in EaP, based on the high energy consumption in buildings and the related economic and social costs in most municipalities. After 33 EU-funded demonstration projects mostly focused on energy efficiency, new topics are emerging. For example, climate adaptation actions are gaining momentum, although there appears to be a general lack of knowledge and expertise in municipalities but also in the expert community. According to needs assessments conducted by the CoM secretariat, municipalities of all sizes and in all countries are interested in exploring new topics besides energy efficiency – from adaptation to energy poverty, energy access and also disaster management (especially floods). Among others, the JRC and Copernicus programme are useful sources of this type of information, and can be utilised under phase III.
- Access to finance is another significant constraint for CoM signatories in EaP countries and remains a key issue raised by signatories.²⁴ Funding opportunities from the central administration level and private sector are limited due to small fiscal space and high costs of capital on the private market, combined with centralized fiscal planning and annual budgeting. There is a clear need for CoM EaP III to address this and propose solutions, alongside EU finance.

2.2 Complementarity, synergy and donor co-ordination

At regional level the main complementary actions for this programme are illustrated in the below matrix.

Covenant of Mayors – East				
	Signing up	Sustainable Energy Action Plan	Project design	Project implementation
EU support to signatories	- Individual voluntary commitment - Establishing a team	- Consulting stakeholders/ citizens - Baseline emission inventory - Defining priority measures	- Designing the project - Drafting a financial plan	- Mobilising funds (grants, loans) - Implementing the project - Monitoring
EU support to intermediaries	Covenant of Mayors- East (CoMO-East) - technical assistance - grants (pilots)		Sustainable Urban Demonstration Projects (SUDeP) -technical assistance (support team) -grants (demonstration projects)	
Other donor support		Georgia: GIZ, USAID Moldova: USAID Ukraine: GIZ, USAID	Belarus: UNDP/GEF Moldova: SIDA, UNDP, GIZ, USAID Ukraine: USAID	Belarus: WB Moldova: EEF, RDF, EIB/GGF2, SIDA Ukraine: NEFCO, EBRD, USAID, SIDA Georgia: USAID, SIDA

The main complementary actions are the Sustainable Urban Demonstration Projects (SUDeP), which is still running until 2022. The programme delivers EU assistance to CoM signatories

²⁴ Municipal Finance Study on Energy, Climate and Environment Sectors in Eastern Partnership Countries, Specific Contract 2019/409383/1

through grants for local demonstration projects and a dedicated technical team supporting the municipalities in implementation of projects with technical expertise. The present Action will continue this good cooperation with the other two SuDeP pillars and potentially prepare ground for a new targeted EU support scheme.

Many CoM signatories in EaP are already benefiting from other EU-funded blending programmes: especially the Municipal Project Support Facility (MPSF) and the E5P Fund. While the MPSF offers technical assistance for municipal project development and implementation, the E5P Fund delivers much-needed investments through blended loans with donor grants. IFIs implementing municipal projects already consult often the CoM secretariat and coordinate on the necessary support. Coordination will be stepped up and re-structured in the new phase of CoM III. This will improve signatories' access to the EU's main blending facility for EaP, the Neighbourhood Investment Platform and the European Fund for Sustainable Development (EFSD), in particular under the "Sustainable Cities" guarantee scheme.

In sum, the CoM EaP III will continue being part of this wider framework of EU support to local energy and climate action in the EaP countries, which has been in place already since 2011:

- Covenant of Mayors East Secretariat (CoMO East) (2016/2020, TA for EUR 4.5 million).
- CoM Demonstration projects (CoM DeP) through grant financing (2014/2017, EUR 12 million and 2017/2022, EUR 10 million).
- Financing of a Sustainable Urban Development Projects' support mechanism (SuDeP ST) (2014/2017, EUR 4 million in technical assistance and 2018/2021, EUR 2 million).
- Technical and scientific support for the development and assessment of Sustainable Energy and Climate Action Plan (SECAP) through the Joint Research Centre (2017-2021, EUR 0.5 million).

Other EU sectoral programmes have an already well established coordination with the CoM East II programme. For example, **the Mayors for Economic Growth (M4EG) initiative** aims to enhance economic growth and job creation by supporting local authorities in the EaP countries to design and implement Local Economic Development Plans (LEDPs) in line with the principles of good governance and sound financial management. CoM EaP III will continue synergies with the M4EG initiative and follow the good praxis of coordination, such as participating in each other's Steering Committees.

Synergies should be found with other relevant initiatives, such as the Partnerships for sustainable cities, which is a global initiative implemented by DG DEVCO that aims to promote sustainability at city level.

CoM EaP III secretariat will also coordinate with the **Global Covenant of Mayors Secretariat**, follow up on GCoM recommendations, and exchange information. As such, the project will continue working in full coherence with the general guidelines and principles established under the GCoM. The second phase of GCoM secretariat is expected to start in 2020, and aims to ensure coherence, information-sharing and exchanges between Regional Covenants and the GCoM Secretariat. Moreover, GCoM has put in place a new Common Reporting Framework (CRF), which signatories in all regions are expected to comply with.

CoM EaP III will therefore work in close cooperation with GCoM secretariat to deliver on this.

Close cooperation is already ongoing with the **EU4Energy and EU4Climate programmes**, which aim to harmonize partner countries' national frameworks with that of the EU and deliver on international and national energy and climate targets. CoM EaP III will continue close coordination and support in aligning the local plans, including SECAPs, with the national policy frameworks.

This effort is complemented by decentralised cooperation between local authorities from EU Member States and their peers in the EaP countries, or international development cooperation by national and European associations of local authorities and their international networks.

Several actions implemented as part of bilateral portfolios will be closely coordinated with this action: in particular the EU4 Energy Efficiency and Environment Programme in Armenia (2020-2024); EU4Lankaran region in Azerbaijan (2019 – 2023); the future EU Resilience Facility for Georgia, Energy Efficiency in Public Buildings (2019 – 2025), and the EU4 Integrated Territorial Development (2020 – 2024) in Georgia; EU4 Focal Regions (2019 – 2023) in Moldova; and the Energy Efficiency 4U in Ukraine (in particular the Energy Efficiency Fund; 2019 – 2025).

Results of completed bilateral projects will also be assessed and used for country-specific planning. For example, **in Armenia** the AAP2019 with GIZ/UNDP Environment technical support (EUR 5.8M) is foreseen to enhance the environmental protection of Lake Sevan (water monitoring; water-protecting land-use and cultivation practices; wastewater treatment, including nature-based solutions; Awareness; Lake Sevan ecosystem governance) and the soft TA & small community projects (EUR 3.7m) is intended to contribute to investments relevant to the context of the Green Agenda and addressing some of the socioeconomic concerns following the COVID-19 crisis. Another TA project, EU4Regions: Support to Regional Development Policy in Armenia (2018-2019) has been completed in March 2020 with a small extension.

Armenia currently has 27 active and 1 suspended signatories, covering 58% of the population of the country. 11 signatories have developed SEAPs/SECAPs and 2 EU-funded demonstration projects are ongoing and 1 is finished.

The high-level energy efficiency initiative with IFIs was launched in Armenia in 2019 and has resulted in a comprehensive EU support package for energy efficiency in buildings developed under AAP 2019. In addition, the government has agreed to establish an energy efficiency board, comprising of donors and the relevant government institutions.

In Georgia, under the AAP 2019 the EU 4 Integrated Territorial Development Programme aims to promote a more balanced territorial development and improve living standards and conditions of the population through an inclusive, smart and sustainable socio-economic means, aiming creating the new centres of gravity apart from Tbilisi and Batumi. The action will be mainly implemented in 4 focal regions of Georgia (Kakheti, Imereti, Guria, Racha-Lechkhumi and Kvemo Svaneti).

Georgia has currently 22 active and 2 suspended signatories, covering 59% of the population of the country. 10 signatories have developed SEAPs/SECAPs and 1 EU-funded demonstration project is ongoing and 1 is finished.

As part of the high-level energy efficiency initiative, the EU has provided assistance to develop national energy efficiency framework and support scaling up of energy efficiency in buildings. Under the KfW/AFD energy reform policy-based loan programme, the EU-NIP funded TA aims to build up relevant regulatory framework and capacity for its implementation. In the investment phase of the initiative, the EU jointly with KfW and EBRD are rolling out a programme of energy efficiency rehabilitation of up to 500 public schools in Georgia. Besides bringing the benefits of improved, healthier studying environment and reduced emissions and energy costs, the programme fosters implementation of the newly established energy efficiency regulations in buildings.

In Moldova, GIZ has a 40 MEUR programme, fully funded by the EU, which is aimed at implementing the works and the initiatives stemming from the MLPS initiative in the field of WSS and EE. GIZ is also implementing a 5 MEUR initiative for CSOs (eu4civilsociety.md), which is aimed at involving citizens and LPAs in the implementation of infrastructure, mainly in the area of energy efficiency, solid waste management, water management and environmental sustainability. The UNDP and UNICEF programme EU4Moldova: Focal Regions in Ungheni and Cahul represents an excellent opportunity for synergies.

Moldova has currently 43 active and 17 suspended signatories, covering 21% of the population of the country. 16 signatories have developed SEAPs/SECAPs and 3 EU-funded demonstration projects are ongoing and 1 is finished.

In Ukraine, the high-level energy efficiency initiative with IFIs has resulted in a comprehensive programme for residential buildings and, most notably, the Ukraine Energy Efficiency Fund. The programme closely related to municipal development is the Energy Efficiency Support Programme for Ukraine (EE4U, two stages, 104 MEUR in total, 2018-2023) which goal is to increase energy efficiency in the residential sector in Ukraine. The EE4U programme is divided into several projects, f.e. UNDP is in charge of creating and building capacity of homeowners associations through the project named Homeowners of Ukraine for Sustainable Energy Solutions (HOUSESES). The role of municipalities in this area is crucial as they are responsible for creating favourable conditions for setting up homeowners' associations. Project Strategic Technical Assistance in Reforms Towards Energy Efficiency and Renewables (STARTER) will be launched in late 2020. Among other elements, this project will provide assistance to municipalities as to local energy management and planning and strengthening local capacity in these fields.

Ukraine has currently 245 active and 39 suspended signatories, covering 47% of the population of the country. 159 signatories have developed SEAPs/SECAPs and 6 EU-funded demonstration projects are ongoing and 10 are finished.

At bilateral level, a number of similar initiatives are also on-going. The CoM EaP III programme will therefore build on the existing initiatives, differentiate by partner country

where needed, and identify as much synergies as possible with complementary actions in order to avoid overlapping.

Donor coordination

Close cooperation with the IFIs and other donors will be foreseen within the framework of the programme, including with EU Member States and their agencies. Coordination will be ensured in the day-to-day implementation of the programme in each country, through the municipal development coordination platforms at the country level, including representatives of the local authorities.

Close coordination with bilateral EU programmes will be achieved by participation of EU Delegations in the Steering Committees and regular dialogue through the national coordinators.

3 DESCRIPTION OF THE ACTION

3.1 Overall objective, specific objective(s), expected outputs and indicative activities

Overall objective

The overall objective of this programme is to enable the local authorities in EaP countries to develop and implement climate and sustainable energy actions, and therefore significantly contribute to the reduction of greenhouse gas emissions and energy consumption, increase the generation of renewable energy, and adaptation to climate change.

Specific objectives

Building upon the common strategic objective and previous lessons learnt, this can be translated into the following more specific objectives of the Covenant of Mayors in the EaP region:

Specific objective 1: To encourage more local authorities to sign up to the CoM EaP and its 2030 targets, and increase the support of regional and national authorities to the signatories.

Specific objective 2: To support the local authorities in developing and implementing their SECAPs, including building up technical capacities for improved local planning and management.

Specific objective 3: To facilitate local authorities' access to financing of municipal projects, in particular those that are a part of the SECAPs.

Specific objective 4: To raise awareness among local population, especially women and youth about the relevance of local energy and climate action; to provide them with tools to actively contribute to the local challenges, as well as increase women's participation in local energy and climate action.

The proposed activities will be tailored according to the needs and absorption capacity in partner countries. Due account will be paid to the previous activities completed under phases I and II of the Covenant of Mayors East programme, and to existing and planned bilateral and

regional programmes. Prior consultation and regular dialogue with the EU Delegations before launching a new activity will be ensured. Priorities will be revised by the Steering Committee in line with the needs and the level of results achieved. Regular communication on a cross-project and cross-country basis is considered essential for achieving the objectives for the EaP region as a whole.

The results expected to be achieved under each specific objective are set out below.

Specific objective 1: To encourage more local authorities to sign up to the CoM and its 2030 targets, and increase the support of regional and national authorities to the signatories;

Result 1: Growth of the initiative in all countries remains strong with municipalities continuing to join CoM EaP, while existing signatories for the 2020 targets commit to the 2030 targets.

- Promote CoM and its benefits to potential signatories;
- Promote CoM to regional and national authorities and engage them more to support CoM in their countries;
- Support signatories in joining the initiative and fulfil the administrative steps, such as accession, monitoring and reporting requirements (JRC);
- Maintain the presence in the region, creating branches of the Secretariat of the Covenant of Mayors covering the EaP countries;
- Continue and improve the network of national/country coordinators as part of the CoM secretariat.

Specific objective 2: To support the local authorities in developing and implementing their SECAPs incl. building up own technical capacities for more detailed local planning and management.

Result 2: Development and effective implementation of SECAPs or similar local sustainable development plans.

- Provide technical assistance in development, implementation and monitoring of SECAPs.
- Act as a one-stop-shop and helpdesk for signatories to access opportunities for implementation of SECAPs;
- Continue training and provide a toolbox to signatories to implement their SECAPs, as well as to national and regional authorities, and Covenant supporters;
- Ensure peer-to-peer learning among signatories in the EaP and in EU Member States, including through study visits and exchanges and networking;
- Improve monitoring and reporting on implementation of SECAPs in close cooperation with the JRC;
- Under the lead of the EU Delegations, support dialogue with relevant national stakeholders to align regulatory and policy frameworks and improve signatories' access to finance, including by bringing them together with relevant IFI actors;
- Facilitate harmonization of local and national climate and energy plans, including in close cooperation with EU4Energy, EU4Climate and EU4Environment programmes, as well as the Global Covenant of Mayors secretariat.

Specific objective 3: To facilitate access to financing of municipal projects, in particular those

that are a part of the SECAPs.

Result 3: Capacities of small and medium size municipalities to prepare projects have improved and they can attract finance and implement projects; with at least 30% of target municipalities having implemented/envisaging to implement a project.

- Allocate a significant part of secretariat's resources to tailor-made training to small and medium municipalities for SECAP development and implementation;
- Support identification of funding opportunities and project development, including matching with potential financiers, project bundling, access to global (GCoM) and EU financing facilities;
- Provide training and tools to launch initiatives in new areas for municipalities, in particular climate adaptation, energy poverty and energy access, optimised heat supply, urban transport etc.

Specific objective 4 :To raise awareness among local population about the relevance of local energy and climate action; to provide them with tools to actively contribute to the local challenges and increase women's participation in local energy & climate action.

Result 4: Advanced signatories move to advanced financing instruments and roll out sustainable municipal financing instruments.

- Develop a support package for more advanced signatories to prepare concrete projects with the aim to bring scale to municipal investments;
- Set up a pipeline development mechanism of bankable projects and/or advanced project ideas for institutional investors/donors and provide match-making support where necessary;
- Provide tailor-made training and tools for investments in new areas for municipalities, especially climate adaptation, energy poverty and energy access, optimised heat supply, urban transport etc.

Result 5: The interest in and engagement of local population, especially women and youth of CoM EaP signatory communities in climate and energy action are increased.

- Support grassroots outreach to population of CoM EaP signatories;
- Prepare tools for signatories to improve engagement of municipalities with their communities;
- Raise awareness about emerging energy and climate challenges through EU's Sustainable Energy Week events;
- Step up engagement of women and youth from signatory communities in CoM EaP activities, including trainings, awareness raising and specific projects;
- Increase support of CSOs, regional and national authorities to raise awareness about CoM EaP and its potential to improve lives of local communities.
- Develop tools (including audio-visual) to capture lessons learnt and best practices promoting further climate change mainstreaming into local and national policy and awareness in the general public.

3.2 Intervention Logic

The Action continues the work started in 2011 to set up and implement the Covenant of Mayors initiative in EaP countries with the aim to support local energy and climate action.

As the initiative in the EaP is growing rapidly with over 440 signatories, LAs have expressed strong interest in continuing EU support for this important sector, while addressing the numerous existing and emerging challenges. Fiscal and administrative centralization, deteriorating municipal infrastructure, energy poverty, lack of technical expertise and municipal staff results in poor access to finance besides transfers from central administration, which can be used for energy and climate projects.

Compared to the first two phases of CoM in EaP countries, phase III will consolidate the existing support provided to potential and existing signatories. This will be achieved through stronger differentiation of support, depending on the size and project experience of the signatory. As previous experience shows, many larger cities are able to develop SECAPs and attract finance for their implementation, the number of small municipalities with no project experience at all remains high. With this in mind, phase III shall address the different needs of signatories in a more structured and targeted way than in the previous phases.

The third phase of CoM in EaP will tackle these challenges and build on 3 pillars (1 and 2 financed under this Action, while pillar 3 is already ongoing):

1. Technical assistance to signatory municipalities (CoM EaP III secretariat):

- Promote CoM to potential signatories and support participation in the initiative;
- Set up and run a helpdesk, at least one regional secretariat and a network of national coordinators per country;
- Ensure development, implementation and monitoring of SECAPs of signatories;
- Provide capacity building to municipalities to boost their technical and administrative capacities;
- Promote exchange among municipalities in EaP countries and with EU MS.

2. JRC technical support to implementation of Covenant of Mayors initiative

- Methodological development

Ensure methodological consistency, including with the GCoM Common Reporting Framework, and scientific robustness of the CoM EaP initiative through provision of regularly updated user-friendly guidance, targeting the CoM EaP Secretariat, helpdesk and signatories.

- Analysis of SECAPs and monitoring reports, including feedback to signatories

Semi-automatized quantitative and qualitative analysis of SECAPs and monitoring reports submitted by signatories and provision of feedback to signatories, including recommendations for the implementation phase.

- Training and helpdesk

Provision of demand-driven scientific-technical support to signatories through the operation of a second-line helpdesk and targeted trainings, with stronger emphasis on adaptation, energy access and financing.

- Assessment of the CoM initiative

Regular assessment of the overall progress and impact of the initiative based on reported data and information, distilling lessons learned for the steering of the initiative.

3. CoM Demonstration Projects (CoM-DeP) and Support Team mechanism (SuDeP) (ongoing)

- Implementation of 14 demonstration projects of phase II Call for Proposals (EUR 10m, 2017 - 2022).

- Technical assistance for effective design and implementation of the selected demonstration projects. The support mechanism will also ensure communication, dissemination and visibility of the results of demonstration projects (EUR 6m, 2014 – 2022).

3.3 Mainstreaming

Climate change action, fight against energy poverty and resilience-building will be central to the implementation of this action. In order to ensure that SECAPs do not remain isolated climate and energy plans, disconnected from municipal budgets, other relevant strategic documents (for example Land Use Plans, Municipal Development Plans, etc.) will be considered and the action will promote participative consultation and consistency with the different layers and sectors of the local administrations concerned. The action is also expected to generate other major co-benefits, e.g. biodiversity protection, healthier urban populations, inclusive job creation, gender balance, multilateralism, innovation and business promotion).

Integration of SECAPs with other municipal plans will be sought during the development of SECAPs (at the early stage), mostly lead by national coordinators. Similarly, knowledge dissemination and awareness raising within the municipalities will be done at country level, including through the municipal coordination platforms (established under CoM East phase II, so-called Covenant Country Clubs).

Cross-cutting issues will be mainstreamed throughout the implementation of the action. Special focus will be developed to increase women participation in the initiative, for example, in local project implementation teams, outreach in local population and EUSEW events, as well as through gender-balanced speakers' panels.

In implementing the action, measures will be taken to promote appropriate waste management, nature-based solutions, circular economy as a co-benefit, and to reduce the environmental impact of the action's activities²⁵.

²⁵<https://myintracomm.ec.europa.eu/serv/en/scic/conference/Documents/Checklist%20for%20Greener%20Conferences%20Aug%202018.pdf>

3.4 Contribution to Sustainable Development Goals (SDGs)

The Covenant of Mayors comprises a long-term vision of sustainable cities attaining common challenges by pursuing common climate and energy objectives coherent with 2030 Sustainable Development Goals (SDGs) and Sustainable Energy for All (SE4ALL) objectives, among other global commitments. Of particular relevance to this action are Goal 7 (access to affordable, reliable, sustainable and modern energy for all), Goal 11 (making cities and human settlements inclusive, safe, resilient and sustainable) and Goal 13 (Take urgent action to combat climate change and its impacts).

4 IMPLEMENTATION

4.1 Financing agreement

In order to implement this action, it is not foreseen 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 4 will be carried out and the corresponding contracts and agreements implemented, is **72 months** from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this 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 measures²⁶.

4.3.1 Procurement (*direct management*)

Subject	Indicative type (works, supplies, services)	Indicative trimester of launch of the procedure
Covenant of Mayors Eastern Partnership secretariat phase III	Services	1 st trimester 2021

²⁶

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

4.3.2. Administrative arrangement with the Joint Research Centre (JRC)

Under phase II of the Covenant of Mayors, an administrative arrangement (AA) was concluded with the JRC (CRIS 2017/393-424) to provide the services assigned to them within the framework of the Covenant of Mayors. The current AA with the JRC lasts until 18 December 2021 and would need to be renewed until 2025 in order to continue support to implementation of the CoM EaP phase III. Tasks devoted to the JRC were mainly related to the evaluation of SECAPs submitted and to providing scientific support and an overall assessment of the initiative.

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.

See Article 9(2)(b) of Regulation (EU) No 236/2014: 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.

4.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution , in currency identified
Enable local authorities to develop and implement climate and sustainable energy actions, composed of:	6 000 000	
- Administrative Arrangement (direct management) with Joint Research Centre - cf. section 4.3.2.	500 000	
- Procurement (direct management) – cf. section 4.3.1.	5 500 000	
Evaluation (cf. section 4.8.) Audit/ Expenditure verification (cf. section 4.9.)	will be covered by another Decision	N.A.
Communication and visibility (cf. section 4.10.)	N.A.	
Total	6 000 000	N.A.

4.6 Organisational set-up and responsibilities

The responsibility of the project lies with the Commission. The steering of the project will be led by DG NEAR. Semi-annual steering committee will be led by the Commission services (DG NEAR) for reviewing the results of the project and guide the way forward with main stakeholders. These will include but may not be limited to: the national associations of local authorities, representatives of the relevant Ministries, the project management team, EU Delegations and other Commission services (such as DG ENER, DG CLIMA). Regular project management meetings (at least twice per year) will be held with DG NEAR. At least one permanent secretariat is envisaged, alongside national experts in order to directly support the implementation of the programme.

4.7 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 logframe matrix. 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).

For the programme as a whole, a key indicator of achievement will be the number of action plans targeting sustainable urban development (such as SECAPs) effectively implemented at local level. Another indicator will be the number of suitable local investment projects prepared and implemented.

For the service contract, precise indicators will be introduced into the terms of reference of the related calls for tenders. The indicators are described in Annex I in the logframe.

The European Commission and the implementing organisations will be responsible for internal monitoring. External monitoring will be undertaken in the form of Results Oriented Monitoring (ROM).

4.8 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 by the Commission. These evaluations will be carried out for assessing projects performance, achievements and impact, and for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partners at least one month 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 where relevant. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner countries where relevant, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the projects.

4.9 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.

4.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. Communication and visibility activities shall be implemented in accordance with the EU communication and visibility requirements in force.

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 (for instance, concerning the reforms supported through budget support), 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. Communication and visibility activities shall be implemented in accordance with the EU communication and visibility requirements in force (or any succeeding document).

With regards to the Neighbourhood East, all EU-supported actions shall be aimed at increasing the awareness level of the target audiences on the connections, the outcome, and the final practical benefits for citizens of EU assistance provided in the framework of this Action. Visibility actions should also promote transparency and accountability on the use of funds.

It shall be the responsibility of the implementing partners to keep the EU Delegations and NEAR HQ fully informed of the planning and implementation of the specific visibility and communication activities. All communication strategies developed as part of this Action shall ensure they are in line with the priorities and objectives of regional communication initiatives supported by the European Commission.

Country-specific activities and publications must be in line with the respective EU Delegation's communication strategy. This includes use of the country-specific branding regarding EU support, for example the name “EU for [Country]” (i.e. “EU4Georgia”). It shall be used for all activities implemented in the Country both in English and in the local official language.

The implementing partners shall report on visibility and communication activities in the report submitted to the ENI monitoring committee and the sectoral monitoring committees.

APPENDIX I - INDICATIVE LOGFRAME MATRIX

	Intervention logic	Indicators	Baselines (2020)	Targets (2025)	Sources and means of verification	Assumptions
Overall objective: Impact	To enable local authorities in the Eastern Neighbourhood Partnership (EaP) partner countries to develop and implement climate and sustainable energy actions, and therefore significantly contribute to reduction of GHG emissions and increase the energy savings generation in the partner countries.	Reduction of GHG emissions Reduction of energy consumption, as well as of energy poverty as a co-benefit Increased resilience to climate change	GHG emissions in baseline year as chosen by signatories Energy consumption levels in baseline year as chosen by signatories Share of RES in energy mix (heat and electricity) Existing climate adaptation actions	An average 30% reduction of GHG emissions by 2025, assuming linear commitment between 2020 and 2030. A significant reduction in energy consumption, and associated savings Significant increase in RES generation Number of climate adaptation actions developed as part of SECAPs.	Regional and local statistics. SECAP monitoring reports. Regional and national statistics. Reports prepared by governments or international donors. Municipal energy bills	Enabling environment - the autonomy of local authorities in the Neighbourhood region is sufficient to allow them to develop and implement urban development projects and to work with foreign cities and organisations.
Specific objective: Outcome	SO1) To encourage more local authorities to sign up to the CoM EaP and its 2030 targets, and increase the support of regional and national authorities to the signatories.	Number of signatories to the CoM EaP, including the number of active signatories to the 2030 targets Level of technical and administrative support from the regional/central level to LAs Level of LA involvement in policy	Signatories and % of active CoM EaP signatories in 2020. LAs do generally not participate actively in policy discussions on sectoral development	An increased number of municipalities, representing a higher percentage of the population are active CoM EaP signatories. Number of SIGNs increased by at least 50% by end of Action IP. LAs have an increased awareness and capacity	Project reports, government reports, regional administration reports, GCoM and CoM EaP statistics, JRC reports. Project reports, government reports, regional administration	A sufficient number of cities have, and are committed to, a sustainable local policy and have developed strategies to implement them.

	Intervention logic	Indicators	Baselines (2020)	Targets (2025)	Sources and means of verification	Assumptions
	<p>SO2) To support the local authorities in developing and implementing their Sustainable Energy and Climate Action Plans incl. building up own technical capacities for more detailed local planning and management.</p> <p>SO3) To facilitate local authorities access to financing of municipal projects, in particular those that are a part of the Sustainable Energy and Climate Action Plans.</p> <p>SO4) To raise awareness among beneficiaries about</p>	<p>discussions</p> <p>Number of Sustainable Energy and Climate Action Plans (SECAPs) developed</p> <p>Reduction in energy consumption</p> <p>Reduction of GHG emissions</p> <p>Increase of RES (heat and electricity)</p> <p>Access to finance is increased</p> <p>Pilot initiatives and scale-ups of existing efforts are launched in new areas</p> <p>LA staff receive training on project acquisition procedures.</p> <p>Levels of interest and engagement among communities increased</p>	<p>Number of existing SEAPs/SECAPs in selected cities in 2020</p> <p>Energy consumption in 2020 in selected cities</p> <p>GHG emissions in 2020 in selected cities</p> <p>Share of RES in energy mix (heat and electricity) in 2020</p> <p>2020 levels of bids, successful bids, and pilot projects</p> <p>N/A</p>	<p>to engage in relevant policy discussions</p> <p>At least 50% of SIGNs have SECAPs developed and implemented</p> <p>An average 20% reduction of energy consumption from the selected baseline year</p> <p>An average 20% reduction of GHG emissions from the selected baseline year</p> <p>A significant increase of RES (heat and electricity) in local energy mix</p> <p>The access to finance of LAs has increased by 2025</p> <p>An increase in levels of bids, successful bids, and pilot/scale-up</p>	<p>reports, regional and local statistics.</p> <p>Surveys carried out among participants to trainings</p> <p>Surveys carried out among beneficiaries (CSOs, citizens) on their engagement in climate action</p>	

	Intervention logic	Indicators	Baselines (2020)	Targets (2025)	Sources and means of verification	Assumptions
	the relevance of local energy and climate action; to provide them with tools to actively contribute to the local challenges and increase women's participation in local energy & climate action.	<p>Number of women and youth participants in training and policymaking activities</p> <p>Awareness of energy and climate challenges among stakeholders increased</p>		<p>projects by 2025</p> <p>LAs, citizens and CSOs have increased awareness and are actively engaged in local climate action initiatives</p>		