



This action is funded by the European Union

ANNEX 1

of the Commission Implementing Decision on the Annual Action Programme 2015 in favour of European Neighbourhood Policy countries

Action Document for Regional Programme in the Eastern Neighbourhood in support of the Eastern Partnership Flagship Initiative on Sustainable Municipal Development

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in section 5.3.1 concerning calls for proposals.

1. Title/basic act/ CRIS number	Regional Programme in the Eastern Neighbourhood in support of the Eastern Partnership Flagship Initiative on Sustainable Municipal Development CRIS number: ENI/2015/038-113 + ENI/2016/038-286 Financed under the European Neighbourhood Instrument (ENI)
2. Zone benefiting from the action/location	Eastern Partnership countries: Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine
3. Programming document	Multiannual Regional Indicative Programme 2014-2017 for the Neighbourhood East
4. Sector of concentration/ thematic area	Urban development
5. Amounts concerned	Total estimated cost: EUR 22.5 million Total amount of EU budget contribution: EUR 20.0 million: <ul style="list-style-type: none">- EUR 4.5 million from the general budget of the European Union for 2015; and- EUR 15.5 million from the general budget of the European Union for 2016, subject to the availability of appropriations following the adoption of the relevant budget

	This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 2.5 million			
6. Aid modalities and implementation modalities	Project Modality - Direct management: <ul style="list-style-type: none"> - procurement of services - grants (call for proposals) - administrative arrangement with JRC 			
7. DAC code(s)	43030 Urban Development and Management			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance		x	
	Aid to environment		x	
	Gender equality (including Women In Development)		x	
	Trade Development		x	
	Reproductive, Maternal, New born and child health	x		
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	x		
	Combat desertification	x		
	Climate change mitigation		x	
	Climate change adaptation	x		
9. Global Public Goods and Challenges (GPGC) thematic flagships	Not applicable			

SUMMARY

This programme is part of the Eastern Partnership Flagship Initiative on Sustainable Municipal Development. It comes in addition to the existing pillars under the Flagship: Covenant of Mayors, Access to Finance (E5P) and the COMUS programme. The Flagship is designed so that local authorities can cooperate with civil society organisations to enhance accountability, exchange best practices and strengthen their capacities as efficient and effective administrations for local development.

This programme is being inspired by the successful *Covenant of Mayors – East* programme (2010-2015). The EU has provided substantial support to local authorities in the Eastern Partnership (EaP) region through this programme and through the CIUDAD programme

(2009-2013)¹. CIUDAD supported local authorities in the region to enhance their capacity to plan for sustainable and integrated urban development based on principles of good governance. Both these programmes have illustrated a clear need for continued support to local authorities in the region. The Covenant of Mayors has engaged with more than 100 signatory cities to work on the reduction of their CO2 emissions by elaborating Sustainable Energy Action Plans (SEAP). Today these cities have expressed the desire to go a step further in the implementation of these plans. On the other hand they have flagged the economic sector as a sector where more cooperation would be beneficial. Therefore the current programme is composed out of 2 streams:

- A follow-up of the Covenant of Mayors with a focus on the implementation of actions in the energy/climate field (technical assistance + grants).

- An economic stream that will be implemented through the 'Mayors for Economic Growth' initiative (technical assistance). This is an initiative that is based on the Covenant of Mayors concept, but applied to the economic field.

Both streams are closely interconnected and will have a regional nature but will take into consideration national contexts and build upon existing bilateral initiatives. This programme will support local sustainable development (economic development, energy efficiency, security of energy supply, job creation, improvement of local public administration capacities, improvement of quality of life etc.). This programme contributes to the objectives that are stated in the European Charter of Local Self-Government that has been endorsed by the six partner countries. Local authorities have been consulted on the content of this document through organisations like the Committee of the Regions, Association of the Local Democracy Agencies (ALDA), Council of European Municipalities and Regions (CEMR), and Platforma.

1 CONTEXT

1.1 Sector/Country/Regional context

For most of the Eastern Partnership countries energy reduction is high on the political agenda as they are often highly dependent on expensive imported 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 to fight climate change will not only reduce their energy dependence, it will also make their economies more competitive, thus leading to local job creation and economic growth. It is such sustainable development that this programme is targeting at through its two streams.

In recent years, efforts for decentralisation and modernising public administration have pushed central governments in the Eastern Partnership countries to attributing increased

¹ Co-operation in Urban Development and Dialogue: see: <http://www.ciudad-programme.eu/> for further information.

responsibilities to local authorities² involving for example 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, decentralisation initiatives have not always been accompanied by i) an adequate level of autonomy (governance, legislation, accountability), ii) capacity development of local authorities and iii) financial resources to cover their responsibilities, leaving their empowerment incomplete. Indeed, 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 local authorities to participate in policy dialogue, to define their own economic and social policies and to deliver municipal services are often 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 that all major municipalities in Ukraine have own (economic) development plans illustrates this.

Insufficient financial viability of local authorities is a bottleneck in the implementation of local projects: municipalities are often lacking infrastructure projects as investments mainly depend on transfers from the state budget. Often these cannot be allocated or re-allocated without approval from the central government and as a result these transfers of funds are not always timely and predictable. All in all, 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 recent call for proposals organised under the *SUDeP programme – Sustainable Urban Demonstration Projects* 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 mayor 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.

It is with the purpose of overcoming a number of obstacles in order to unlock the development potential of local authorities 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 empowerment³.

On the basis of the outcomes of the “*Structured Dialogue on the involvement of Civil Society Organisations (CSOs) and Local Authorities (LAs) in EU Development Cooperation*”, the European Commission Communication *Agenda for Change* recognises both actors as key players in its two pillars. It calls for strengthened “*links with civil society organisations, social partners and local authorities, through regular dialogue and use of best practices*”, in

² In this context the term «Local Authorities» refers to public institutions with legal personality, component of the State structure, below the level of central government and accountable to citizens. Local Authorities 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.

³ In continuity and complementarity with the Commission Communication “*Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes*” (2013). http://ec.europa.eu/europeaid/what/civil-society/documents/com_2013_280_local_authorities_in_partner_countries_en.pdf

particular to “support the emergence of a local civil society which can effectively contribute to dialogue with public authorities and to oversee public authorities' work”, and to “consider ways of mobilising local authorities' expertise, e.g. through networks of excellence or twinning exercises”. It also highlights the value of multi-actor partnerships including public actors, civil society, the private sector and local communities.

The Communication of the European Commission of July 2014 "The urban dimension of EU policies – key features of an EU Urban Agenda"⁴ underlines the essential role that local authorities can play in delivering on policy objectives set at other levels of governance. Moreover, the importance of LAs has been confirmed in the conclusions of the Riga Eastern Partnership Summit in 2015. In the official declaration, the Heads of State and Government encouraged local and regional authorities to play a key part in the relevant Eastern Partnership (EaP) policies. The final declaration at the EaP Summit also suggested that local and regional authorities should be provided with targeted support:

"Summit participants also welcome the further steps taken by the Conference of local and regional authorities of the Eastern Partnership (CORLEAP) in promoting cooperation at the regional and municipal levels of government. They invite the European Commission to ensure appropriate, targeted support to local and regional authorities to assist their role in pursuing the goals and objectives of the Eastern Partnership."

The Eastern Partnership Flagship Initiative on Sustainable Municipal Development and the ENI Multiannual Indicative Programme 2014-2017 Regional East put forward the objective of "deepening sustainable economic development and fostering sector cooperation, including on environment and climate change". This is being done both at national and sub-national level. The Multiannual Programme aims at strengthening local authorities, communities, civil society and business organisations as well as representative social partners to help develop joint solutions to common social and economic development challenges in the EaP municipalities and to improve good governance at local level.

1.1.1 Stakeholder analysis

▪ Main Stakeholders and beneficiaries:

The main beneficiaries of the programme are the local authorities of the European Neighbourhood Policy (ENP) East region. Regional authorities are not directly targeted by the programme, however they will be involved in the programme whenever relevant. The programme also supports civil society organisations and private sector players, as well as the citizens, through their involvement in grant projects or as beneficiaries of the results.

National administrations in charge of municipalities will be indirect stakeholders, since their involvement in the programme in support of local authorities will be crucial. Cities vary in their degree of administrative and financial independence vis-à-vis the national government. Hence, close cooperation with the national administrations involved in local matters will be sought throughout the programme.

⁴ COM(2014)490 final of 18 July 2014.

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

Chambers of commerce, business organisations and associations together with their members, in particular small and medium-sized enterprises (SMEs), will be involved as active partners in the economic initiative.

National associations of local authorities⁵ will also 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, or are active in training of local elected representatives (mayors and councillors) as well as civil servants in local authorities.

It is to be noted that the previous EU programmes with LA covered both the Eastern Partnership countries and the Central Asian countries. However, the European Neighbourhood Instrument only allows for the inclusion of non-ENP countries in highly exceptional cases and the Regional East Strategy and Indicative Programme does no longer justify the inclusion of Central Asia in this particular case. It is expected that DG International Cooperation and Development will guarantee continued support to the Covenant of Mayors through its regional and/ or bilateral programmes for this region.

1.1.2 Priority areas for support/problem analysis

The main constraints for Covenant of Mayors (CoM) follow-up project are:

- Scarce access to credits: a lot of local authorities have developed Sustainable Energy Action Plans (SEAP) but are having difficulties in implementing these due to insufficient access to financial means. This problem has two sources: on the one hand there is a lack of financial means due to the scarcity of government financed programmes, and the fact that local banks often do not lend to municipalities. On the other hand local authorities often don't find their way to financial resources which is related to a lack of capacity and expertise as described below.
- A number of local authorities have difficulties with designing bankable urban development projects. This is because local authorities lack experience in this field and because the requirements of banks and donors are often complex. The fact that there is a

⁵ 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.

high turnover of civil servants at local level often results in the lack of sufficient capacities to design and follow-up on these projects.

The main constraints for Mayors for Economic Growth (M4EG) project are:

- Limited awareness: due to the governance structures in the EaP countries, there is relatively limited awareness on the role local authorities and local stakeholders (including citizens) can play when tackling local economic development. Issues like sustainable development, investment attraction, and job creation remain almost exclusively a responsibility of the national ministries in the EaP countries. However this does not mean that the LA do not have a role to play.
- A number of municipalities lack of a comprehensive strategy for sustainable economic development. They are coping with a weak institutional set up for local policy formulation and implementation: there is a clear need for capacity building in municipalities, enabling them to elaborate of realistic economic development strategies and plans, as well as a need for local stakeholders to understand their role in local economic development.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Political developments in the region in 2013-2014 brought new opportunities, but also uncertainties regarding future regional cooperation. This could have an impact on the implementation of the project. However, as the project targets local authorities and is of a technical nature, it is envisaged that the cooperation could continue even in a difficult political context.	M/H	Continuous policy dialogue and close monitoring of the political/ security situation in the East.
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	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.

<p>tend to have difficulties in accessing sources of finance in their country or in the international community (IFIs - international financial institutions). In this context it is important to mention the specific case of Azerbaijan, where LAs have no autonomy, no capacity and practically no budget and where there is no process of decentralisation envisaged. The authorities active at local level are the Presidentially appointed 'executive powers' and sections/offices of central Ministries. .</p>		<p>In Azerbaijan conditions are not necessarily in place to implement either or both of the two "streams" of this action.</p>
<p>High turnover of civil servants staff of local authorities, low absorption capacity and inadequate professional competences of civil servants.</p>	M	<p>Support local authorities by targeted trainings and capacity building (through the technical assistance component).</p>
<p>Lack of consistency between local and national development policies may constitute a risk for the success of the programme. 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.</p>	L	<p>Continuous dialogue with national level authorities on development policies and objectives (in particular for the economic and energy sector).</p>
<p>For the Mayors for Economic Growth initiative, there is a risk that there will not be sufficient take-up in the first months of the programme (since this is a voluntary initiative).</p>	L	<p>Guided by the experience of the Covenant of Mayors, the technical assistance team shall make sure that the initiative is sufficiently promoted and documented in order to reduce reluctance at the level of the cities.</p>
<p>For the Covenant of Mayors there is a risk that local authorities don't manage to implement investment projects due to limited access to funding sources.</p>	L	<p>The selected demonstration projects (through the grants call for proposals) shall demonstrate how bankable projects should be designed and how investors can be convinced to invest in local authorities. They will also demonstrate which technical solutions can be envisaged for the investment projects.</p>
<p>In some countries, there are no serious policies for effective decentralisation (e.g. Belarus) or satisfactory progress in the implementation of Regional Policy (Ukraine)</p>	L/M	<p>The demonstration projects may demonstrate the usefulness of increased decentralisation of powers to the local level.</p>

Finally, there may be risks relating to the purchasing of equipment or procurement of public works.	L/M	In the case of procurement, special care should be given to (i) realistic estimates of prices in applications; (ii) transparent public procurement procedures that are in line with the national procurement rules; (iii) realistic estimates of possible delays in delivery.
<p>Assumptions</p> <ul style="list-style-type: none"> ▪ 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 (such as Local Economic Development Plans - LEDPs, SEAPs or similar initiatives). ▪ National authorities 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 (e.g. LEDPs, SEAPs) and they allow for co-financing of sustainable local projects. ▪ The relevant technical ministries (Ministry of Economy, Ministry of Energy, etc.) and related stakeholders support the programme and undertake an active role. National non-technical ministries (Ministry of Interior Affairs and Ministry of External Affairs) also support the actions of the cities. ▪ National policies will evolve and create more favourable conditions for local authorities. Actions under the above projects will be supportive in this regards, 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. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The EU has already provided substantial support for the development of local authorities in the EaP region. The CIUDAD programme (2009-2013)⁶ supported local authorities in the region to enhance their capacity to plan for sustainable and integrated urban development based on principles of good governance. The on-going Covenant of Mayors⁷ – East programme (2010-2015) supports cities that have signed up to the Covenant through a

⁶ Co-operation in Urban Development and Dialogue: see: <http://www.ciudad-programme.eu/> for further information.

⁷ www.eumayors.eu

technical assistance contact and several grant contracts. Both these programmes have illustrated a clear need for continued support to local authorities in the region. The recent SUDeP call for proposals has further emphasised this as 25 eligible and good quality project applications have been submitted while the budget only allowed for the financing of 15 projects.

A number of lessons learnt from these programmes have been incorporated into the design of subsequent projects, as well as into the present programme, along the below lines:

- As most local authorities lack experience in project design and implementation, a supporting technical assistance team has proven essential to help them implement projects in a way that ensures the greatest impact and sustainability. Experience has also shown the importance of ensuring that the advice provided by such a team is fully taken on board by local authorities in implementing their projects. This is to be done through tailor-made face-to-face assistance.
- Cooperation across countries within demonstration projects (i.e. projects involving cities in several countries across regions) has proved to be rather challenging, in particular when projects are implemented in diverse (and changing) political and institutional conditions in regions faced with different socio-cultural contexts. Hence, actions should be adapted to local circumstances and focus on specific issues on a well-defined territory. This calls for a differentiated approach by country and by region, notwithstanding the fact that the beneficiaries are part of a broader pan-European initiative. Networking and exchange of experience across the ENP region is much appreciated and should continue to be a component in a future programme. The focus should not only be on exchanging with peers from the EU, but also with peers from within the ENP region or the country in question.
- To ensure ownership, future support to local authorities should focus on local authorities' key priorities and core tasks; genuinely embed project activities at local level; ensure sufficient involvement of all relevant local stakeholders (sector institutions, civil society organisations, and private sector, citizens) as well as partnering local authorities in both the design and implementation of the projects, and work on the basis of an explicit commitment of the local authority involved. In order to guarantee a maximum degree of ownership it is recommended to invite beneficiaries to adhere to new initiatives on a voluntary basis. This allows for a natural selection of interested parties.
- The importance of establishing close links not only with local but also with national authorities, and ensuring their ownership and support for the actions has also been shown.

Similar conclusion can be drawn by the final evaluation⁸ of the Thematic Programme "NSA-LA" 2007-2013⁹ in respect to its implementation of the EaP countries. The Thematic Programme "NSA-LA" aimed at promoting an inclusive and empowered society, in order to facilitate civil society organisations' and local authorities' participation in poverty reduction and sustainable development strategies.

⁸ http://ec.europa.eu/europeaid/sectors/thematic-programme-non-state-actors-and-local-authorities-development_en

⁹ https://webgate.ec.europa.eu/fpfis/mwikis/aidco/images/7/7e/NSA_LA_Final_Evaluation_Report_Volume_I.pdf

3.2 Complementarity, synergy and donor coordination

This programme contributes to the **Eastern Partnership Municipal Flagship**. The Municipal Flagship aims to strengthen the capacities of local authorities to become important actors for sustainable economic growth. The Municipal Flagship addresses both the capacity of local authorities to respond to climate change challenges and create an attractive economic environment, but also to respond to the administrative challenges and governance issues that go together with it.

Other ongoing projects that are part of the flagship are the E5P (Eastern Europe Energy Efficiency and Environment Partnership) and the Community-led Urban Strategies in Historic Towns – COMUS project implemented by the Council of Europe.

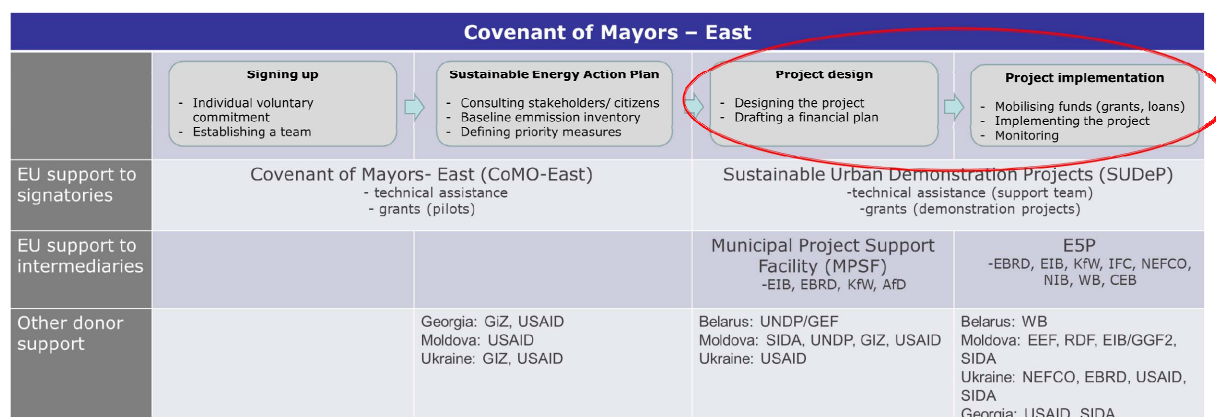
Complementarity with EU funding at regional level

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
	<ul style="list-style-type: none"> - Individual voluntary commitment - Establishing a team 	<ul style="list-style-type: none"> - Consulting stakeholders/ citizens - Baseline emission inventory - Defining priority measures 	<ul style="list-style-type: none"> - Designing the project - Drafting a financial plan 	<ul style="list-style-type: none"> - Mobilising funds (grants, loans) - Implementing the project - Monitoring
EU support to signatories	Covenant of Mayors- East (CoMO-East) - technical assistance - grants (pilots)		Sustainable Urban Demonstration Projects (SUDeP) -technical assistance (support team) -grants (demonstration projects)	
EU support to intermediaries			Municipal Project Support Facility (MPSF) -EIB, EBRD, KfW, AfD	E5P -EBRD, EIB, KfW, IFC, NEFCO, NIB, WB, CEB
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 two main complementary actions are: ‘*Supporting participation of Eastern Partnership and Central Asian Cities in the Covenant of Mayors*’, the so called CoMO-East project and the ‘*Sustainable Urban Demonstration Projects (SUDeP)*’. The CoMO-East project provides assistance to all signatory cities. It focusses on awareness raising, communication and the development of SEAPs. The SUDeP programme provides support to a selected number of signatories (through a call for proposals). The assistance is focussing on investment projects and implementation of SEAPs in the individual cities. These successful projects have to some extent laid the ground for the presently proposed programme since they are focussing on developing the capacities of local authorities in the region to formulate local policies for sustainable development. While the CoMO-East project focuses on the implementation of the Covenant of Mayors in the EaP countries and Central Asia (120+ signatory cities), the SUDeP project illustrates how sustainable actions can be realised and financed in the field through the implementation of demonstration projects (grants). The energy/climate stream of the current

programme can be seen as a continuation of the CoMO-East project. As illustrated below it will no longer focus on the first phases (while not excluding them), but rather on project design and implementation.



Links will be sought with the Commission’s Neighbourhood Investment Facility (NIF). The support provided under the current programme will allow LA to submit projects to the Municipal Project Support Facility (MPSF) and to the Eastern Europe Energy Efficiency and Environment Partnership (E5P). In doing so the current programme reinforces both these instruments. The EU-supported Green for Growth facility and the Green EaP programme can also provide support for sustainable investments in municipalities and are of direct relevance to this programme.

Donors and implementing agencies such as the UNDP¹⁰ and USAID¹¹, as well as International Financial Institutions (IFIs) such as the EIB¹², EBRD¹³, KfW¹⁴, the AFD¹⁵ and the World Bank, are particularly active in the field of supporting economic growth, green development/procurement and promotion of energy efficiency/ renewable energy sources both in the Neighbourhood region and at local level.

This effort is complemented by decentralised cooperation between local authorities from EU Member States and their peers in the Eastern Partnership countries, or international development cooperation by national and European associations of local authorities and their international networks. Synergies should be sought with these activities notably in light of the Communication “Empowering local authorities in partner countries”¹⁶, which acknowledges the efforts made by local authorities to actively contribute towards international development.

The complementarities related to the Cultural Heritage project implemented by the COMUS programme (The Community-led Urban Strategies in Historic Towns) shall be fully exploited. The COMUS programme's objective is to find the most appropriate ways and means of preserving the natural and cultural heritage and reinvesting in historic towns. Six to twelve

¹⁰ United Nations Development Programme.
¹¹ United States Agency for International Development.
¹² European Investment Bank.
¹³ European Bank for Reconstruction and Development.
¹⁴ Kreditanstalt für Wiederaufbau.
¹⁵ Agence Française de Développement.
¹⁶ COM(2013)280 of 15 May 2013.

pilot towns (maximum of two in each participating country) where local stakeholders face difficulties in improving living conditions, creating social cohesion or economic activities have been selected in the EaP countries.

Finally, cooperation between cities for the transfer of best practice is an important element in furthering sustainable urbanisation. The EU supported URBACT programme – which has involved 550 cities in peer learning and exchange of experience within the EU since its launching in 2003 – provides a good model for how urbanisation cooperation can be implemented also outside the EU. More generally, synergy should be found with projects funded in the context of EU cohesion policy and with the exchange of experience between cities, funded under the URBACT III programme (2014-2020).

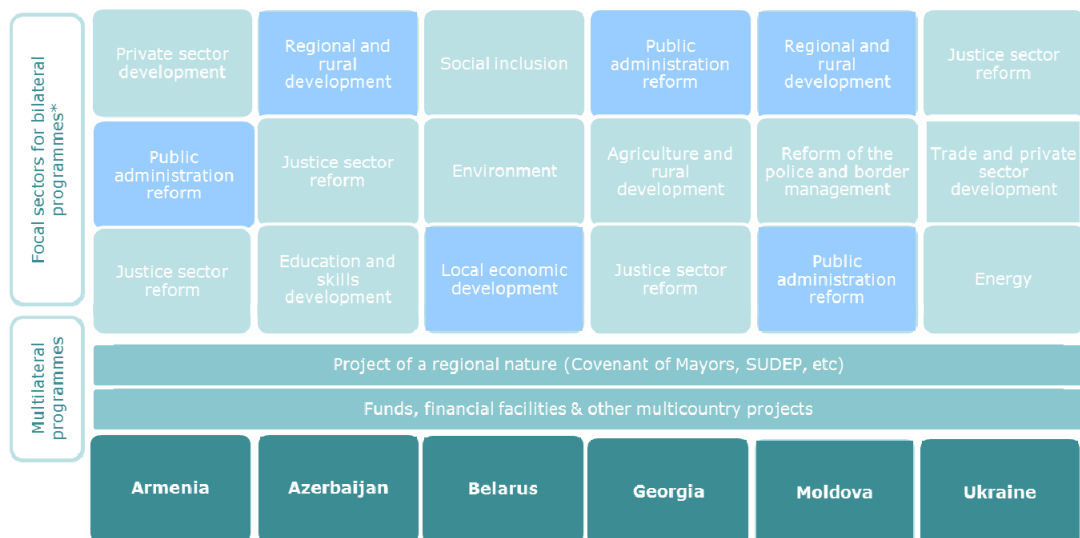
Complementarity with EU funding at bilateral level:

As illustrated below, a number of similar initiatives are on-going at the bilateral level in the partner countries. When designing the proposed regional programmes it will be key to avoid any kind of overlap with the existing bilateral initiatives. For this the programmes will have to build on the existing initiatives, differentiate by partner country where needed, and identify a much synergies as possible with complementary actions. Coordination with the Thematic Programme “Civil Society and Local Authorities” 2014-2020 will be equally important. The Thematic Programme at country level will support LAs contributions to governance and accountability through inclusive policy-making - hence empowering citizens and populations, to benefit from qualitative social services and to profit from wealth and job creation. The Programme will also support actions aimed at a sustainable territorial development, including in urban contexts, to foster local development and social cohesion¹⁷.

As a starting point, the following table gives an overview of the focal sectors for bilateral support in each of the six EU Delegations.

¹⁷ https://webgate.ec.europa.eu/fpfis/mwikis/aidco/images/2/2b/CSO_LA_MIP_CS0_LA_2014_2020_EN.pdf

Focal sectors in the EaP countries for bilateral cooperation



* Not yet confirmed as of 1.02.2014

Ukraine

The EU Delegation is currently implementing grant projects for local authorities:

- 1 Currently implemented projects from the Call for proposals for regional development.
- 2 Supporting internally displaced persons (IDPs) who had to leave from the conflict affected areas in Donetsk and Lugansk regions¹⁸.
- 3 The ongoing call for the thematic programme CSO – LA (EUR 10 million) of which EUR 3.5 million are foreseen for local authorities (a first call in 2014 and a second call in 2016).

In addition, since 2007 the EU has financed the UNDP implemented projects in the area of community development (Community-Based Approach - CBA), which has led to an unprecedented leap in nationwide up-scaling of the community based approach. It has created partnerships and cooperation between citizens and authorities for sustainable local development. More than 3,000 community projects in the area of health, water supply, environment, school transportation, energy efficiency and income generation had been supported by 2015, improving living conditions of almost 5 million Ukrainians from more than 2000 villages. Over two-thirds of community organizations continue to operate after the first project is completed. In 2014 a new programme was signed worth EUR 23 million to continue the implementation of CBA (Phase 3).

In December 2014 a new programme in "Support to Ukraine's Regional Policy" was launched. The Sector Reform Contract will support Ukraine's Decentralisation and Regional Policy reforms with EUR 55 million euros and the expected results include improved Regional Policy legislation, the provision of stable and predictable financing for regions and

¹⁸ http://eeas.europa.eu/delegations/ukraine/press_corner/all_news/news/2014/2014_10_07_1_en.htm

municipalities, a strengthened financial autonomy of local authorities, higher competitiveness of regions and improved territorial socio-economic cohesion.

Moldova

Some objectives of the GIZ managed project on Modernisation of Local Public Services (MLPS) are quite similar to the proposed M4EG activities e.g. assistance regional planning process and a project pipeline covering five thematic fields essential to the development of Moldova's regions (water and sanitation, solid waste management, energy efficiency in public buildings, local and regional roads). Thus, both projects are addressing capacity building in planning and energy efficiency whilst beneficiaries of are slightly different – for MLPS Ministry of Regional Development and Regional Development Agencies and for M4EG local partner authorities/municipalities.

The Public Administration Reform (PAR) is one of the focal sectors of the EU Single Support Framework for support to the Republic of Moldova for 2014-17. The overall objective is to enhance the institutional and human resource capacity of the central and local public administrations to elaborate and implement policy and to ensure the efficient and effective delivery of high-quality public services. A first action under the PAR focal sector is planned to be included in the Annual Action Programme for 2015.

Ongoing and new budget support programmes support local authorities in the economic development sector, agriculture and rural development as well in the realisation of energy efficiency investments (e.g. biomass). Specific assistance actions are also fostered in the framework of confidence building measures.

Armenia

Duplications are to be avoided with the 2013 programme "Support to Regional Development in Armenia" and the CSO-LA programme.

- The objectives of the 2013 programme on regional development are very similar to the ones of "Mayors for economic growth". The regional development programme has two main components: developing of policy/strategic framework for regional development and grant scheme for implementation of integrated regional development projects (also in line with the territorial development approach and with a significant emphasis on employment creation in the regions);
- The policy component of the programme implemented through ongoing and future technical assistance projects also includes extensive trainings on local level on preparation of investment projects consistent with the so-called 4 year development plans on local level and regional development strategies (development plans on marz/region level that are periodically updated);
- The 2013 programme works on establishment of the regional development funding mechanism. Distribution of funds through the future mechanism can take many forms and are still to be defined with assistance of our current technical assistance team. The regional and local actors are involved in the process on the basis of partnership and

participation; however their primary roles will be concentrated on projects pipelines development, implementation and sustaining projects results;

- The CSO-LA programme in-country programme complements the above programme with significant allocation of over EUR 3 million for the years 2014-2015. The objectives of the programme (especially those of Lot 2) are also very similar to the M4EG programme.

Azerbaijan

- Under Strategic Support Framework (SSF) 2014-2017 for EU-Azerbaijan cooperation, under the regional development agenda one of the objectives is to "support participatory and democratic approach to local development enhanced by fostering partnership, participation and bottom-up initiatives at local (and regional) level". The EU Delegation plans to draft some activities to achieve this goal under Annual Action Programme (AAP) 2017.

GIZ has an ongoing Local Governance South Caucasus Programme, which will be funded 2016 onwards by the EU under AAP2013. The EU Delegation is planning to sign a direct award contract with GIZ in the area of participatory territorial planning, capacity development of local authorities and more in general, in the reform of the local-self-governance system. The budget of this grant project is EUR 2 million.

Belarus

- The EU has funded a number of local/regional development programmes in Belarus which have been relatively successful despite the lack of the Government's serious decentralisation efforts.
- Support to local and regional development (AAP 2011 and AAP 2013, EUR 16.5 million – RELOAD I and II programmes) has become a key area of intervention in the EU-Belarus cooperation, advancing new methodology of regional development, affirming the role of regional and local stakeholders in defining and implementing country's development priorities, supporting pilot regional projects and participative governance. Through pilot projects in selected regions and municipalities, initiatives identified by local authorities themselves were implemented with good success. UNDP had a strong role in these programmes as the implementing organisation due to their long experience on working with Belarusian local authorities. This process will be continued under the Multi-Annual Indicative Programme (MIP) 2014-2017 third focal sector "Local/regional development", under which a new programme will be committed in 2016. The exact contents of the programme have not yet been identified. Furthermore, the 2015 Annual Action Programme (EUR 14.5million) under the MIP focal area "Environment" focusing on air quality monitoring and management has a civil society/local authorities component.
- The bilateral programmes have been complemented by cross-border cooperation (CBC) and other regional programmes which have involved local and regional authorities in regional cooperation. Furthermore, the Civil Society and Local Authorities budget line aims, among other priorities, to enhance the dialogue between the civil society and local authorities and to strengthen the civil society's advisory role vis-à-vis local authorities.

Georgia

The multi-annual cooperation EU-Georgia cooperation framework SSF 2014 – 2017 within its focal sector on Public Administration Reform (PAR) sets out the specific objective: "*to strengthen the structures and processes of local governance through the decentralisation of powers*" towards achieving the specific result: "*Increased decision-making powers and budgetary resources devolved to local authorities*". In line with the policy framework the Delegation is formulating a PAR programme under the AAP 2015.

Under the Annual Action Plan 2013 the Regional Development programme phase II foresees as its specific objective the following: "*to strengthen the capacity of the Georgian authorities at central and regional/local level to formulate and implement effective regional development policies and programmes*". With regard to this objective it is *inter alia* envisaged to achieve the following results: "*Project appraisal procedures, manuals and guidelines allowing fair and transparent appraisal of projects are developed and applied at state and municipal levels.*"

Duplication with the above programmes should be avoided and thereby bearing also in mind the following specificities:

- The technical assistance component of the first mentioned PAR programme is working towards achieving the following specific results: (i) strategic framework for local government reform is elaborated, which is designed to increase the decision-making powers and budgetary resources of local authorities in line with the European Charter on Local-Self Government, ratified by Georgia in 2004; (ii) Strengthened CSO networks at local level and greater public participation in local policy-making; (iii) The capacity of local civil servants is enhanced through the provision of targeted training in policy formulation, coordination, management and monitoring and public finance management.
- Through two consecutive projects entitled " Introduction of E-Governance in Local Governments phase I and II" local governance is being improved via the following specific objectives: (i) Improvement of management in local self-governments; (ii) Provision of quality services to the local population; (iii) Development of local infrastructure; (iv) Increased access to information technologies; (v) Establishment of effective communication between stakeholders and attraction of new users; (vi) Ensuring sustainable functioning of the local community centres; (vii) Further development MMS software; (viii) Development of e-village web portal.
- The CSO-LA programme in-country programme complements the above programmes with significant allocations of over EUR 2.55 million for the years 2014-2015. The objective of the Call for Proposals will be the promotion of accountability, enhanced governance and inclusive and sustainable growth at local level by strengthening CSOs and LAs as key actors in these processes and would thus for the latter objective be coinciding with the M4EG initiative.

The project proposed for financing here will seek to complement and create synergies with the above mentioned programmes. The angle of this project is different from the bilateral projects as it focusses more on regional aspects being the establishment of networks and the cooperation across borders between local authorities. Moreover, this programme will allow the municipalities to work towards a common target that they will share with a lot of EU municipalities (in the field of CO2 emissions or economic growth). It will also allow national governments to get inspired and learn from the local development policies in other countries of the EaP and of the EU. This should lead to more openness, trust and decentralisation.

Donors' coordination

Close cooperation with the IFIs and other donors (and actors) mentioned above will be foreseen within the framework of the programme, including with EU Member States and their agencies. This is to be done in order to avoid overlapping activities and to promote possible synergies in assisting cities to implement their development plans and projects.

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 and through the Steering Committees of each programme component. The Steering Committees for these projects could be organised back to back in order to achieve maximum coherence and synergies.

Close coordination with bilateral EU programmes is needed to avoid overlaps and lift synergies, both at the level of the overall programme streams and at the level of the planned technical assistance and grant components. This coordination will be achieved by (a) placing responsibility for project implementation (only grants) at the level of EU Delegations (deconcentration), (b) participation of Delegations in the Steering Committees of the regional technical assistance components and (c) by foreseeing budget and mandays for coordination in the technical assistant's ToR. Regular reporting to the implementation of this Action to the EaP structures will be foreseen in the technical assistance components.

Coordination with the new Global Covenant of Mayors programme that is expected to be launched by the end of 2015 is essential.

3.3 Cross-cutting issues

Economic and environmental sustainability and climate change mitigation will be at the heart of the programme.

In addition to the mitigation efforts, the integration of environment, climate adaptation and risk reduction issues in the implementation of the project is also needed, through the systematic screening of potential environmental and climate risks in any investment project (grants). Moreover the project should be aligned as much as possible with the draft EU cooperation strategy supporting sustainable Cities4All that DEVCO is piloting to contribute to the definition of the urban dimension of the EU external cooperation policy.

National regulations and guidelines, for environmental impact assessments and strategic environment assessments need to be enforced and applied. The EU is supporting the

elaboration of such national guidelines through the EaP Green programme. The Espoo Convention on Environmental Impact Assessment is used as a reference for this¹⁹.

Where environmental and climate risks are identified it is recommended to include measures to mitigate negative environmental effects, adapt to constraints, optimise positive effects, exploit opportunities, and generally manage and control environmental and climate-related risks.

The programme will promote a participatory approach thus reinforcing the role of citizens and civil society with the objective to undertake reforms at the local government level aiming at promoting good governance.

The programme will encourage gender equality, equal opportunities and the participation of women in all its activities. The programme will contribute to mainstreaming gender-related issues at the local authority level through the component on the policy and result oriented management approach, with stronger evidence based policies. The action under the programme will also support the local authorities to mainstream gender into local authorities and budgeting processes in the fields of interest of the proposed action. Special attention will be given to women's organisation at local level to improve women participation in local policy making. The programme will target the gender equality issues through the support on policy-making, and the involvement of large range of CSOs, including by increasing their capacity in participation in local policies.

As a result the following outcomes shall be achieved in the context of gender equality:

- i. increased capacities and knowledge of public servants at the local level to mainstream gender into local policy making of the interest of this action,
- ii. increased capacities and knowledge of public finance officials at the local authority level to include gender responsive budgeting into planning and budgeting processes at the local level in respect of the fields of interest of this action,
- iii. the local programmes of pertinence to this action and respective budgets are analysed and re-designed to respond to gender equality commitments (as and where relevant for this action).

The programme will contribute to promoting good governance and accountability, by supporting the implementation of sustainable local policies. Specific attention will be devoted to the fight against corruption.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

Overall objectives

¹⁹ <http://www.unece.org/env/eia/eia.html>

The overall objective of this programme is to assist local authorities in the Eastern Partnership partner countries to address local sustainable development as well as good governance challenges (through economic development, energy efficiency, security of energy supply etc.). This programme contributes to the objectives that are stated in the Eastern Partnership Municipal Flagship and the European Charter of Local Self-Government that has been endorsed by the six partner countries.

The programme will be composed out of 2 closely interconnected streams:

- An energy/climate stream that will be implemented through the 'Covenant of Mayors' initiative or any follow-up initiative of the Covenant of Mayors²⁰.
- An economic stream that will be implemented through the 'Mayors for Economic Growth' initiative.

Specific objectives

The specific objective of the stream "**Covenant of Mayors**" is to encourage and support local authorities in EaP countries to achieve and implement a more sustainable local energy policy. As such the project supports cities to sign up to the Covenant of Mayors (or any global follow-up initiative) and prepare as well as implement the related Sustainable Energy Action Plan. In substance, the purpose consists of a significant reduction in energy consumption and CO₂ emissions of the municipalities as well as an increase in their renewable energy use and energy efficiency measures. This is the follow-up of the CoMO-East project (technical assistance) ending in 2015²¹. This stream is expected to lead to job creation and will thus also contribute to the objectives of the M4EG stream.

The specific objective of the stream "**Mayors for Economic Growth**" is to support the local authorities in the EaP countries to become active facilitators for economic growth and job creation in the region. The project will encourage and support local authorities in EaP

²⁰ The current Covenant of Mayors is expiring in 2020 and debates are ongoing on the next steps and related objectives for the future (2030). Once such a decision is taken this project will also aim to extend this initiative to the Neighbourhood East region.

²¹ The present Covenant of Mayors is a commitment on EU climate change mitigation objectives (reducing CO₂ emissions by more than 20% by 2020). A new initiative called the Global Covenant of Mayors is to be launched in 2015. A broader approach is proposed for the next Covenant, with differentiated geographical and thematic items. In conceptual terms, since the Covenant would include cities in less developed countries, it should include objectives not only on mitigation and adaptation, but also on access to energy.

Those objectives should explicitly refer to:

- Sustainable Development Goals, to be approved in September 2015,
- National/regional mitigation and adaptation commitments to be pledged by parties for the United Nations Framework Convention on Climate Change (UNFCCC) process, and
- Sustainable Energy For All objectives.

The Global Covenant of Mayors would be launched at the time of COP-21 at Paris. Contracts supporting implementation would be operational as of first quarter 2016.

countries to design and implement Local Economic Development Plans (LEDPs)²² and strengthen the technical skills and capacities of local authorities to implement economic strategies in line with the principles of good governance and sound financial management. In substance, the purpose is to facilitate economic growth and job creation at the local level. This will be implemented through a technical assistance component.

4.2 Covenant of Mayors: expected results and main activities

This project is the follow-up project of the currently running CoMO-East project (2012-2015). In the CoMO-East the focus was on promoting the Covenant of Mayors, convincing cities to sign up and assisting them with the initial steps (SEAP development). Although the CoMO-East has been successful the focus of this new project will be shifted towards supporting the implantation of SEAPs. More than 100 cities have signed up to the Covenant of Mayors and more than 55 have submitted a SEAP. It is therefore needed to bridge the gap between planning (SEAP) and the effective implementation of actions.

1. Supporting the implementation of Sustainable Energy Action Plans

- Continue training and assisting municipalities in preparing investment projects (financial assessment, technical preparation, funding options, project management, etc.). Developing capacity building tools and platforms.
- Assisting and supporting the local authorities that have been awarded a grant for implementing an investment project.
- Follow-up on the dialogue with IFIs, donors, commercial banks on possibilities to finance implementation projects in municipalities beyond the existing pilots (grants). Develop tools that will facilitate the exchange between investors and municipalities.
- Continue supporting and training Covenant National Coordinators (CNC), Covenant Territorial Coordinators (CTC) and Covenant Supporters (CS) on implementation/ financial support (e.g. financing schemes for grouped SEAPs).
- Trainings/ seminars/ conferences on energy efficiency practices in municipalities (including energy management).
- Signatory-to-signatory exchanges (e.g. internships) and study visits.
- Continue organising trainings on SEAP monitoring and reporting (in cooperation with JRC). Follow-up on signatories' performance per country.

²² Such plans also exist in the EU, but an initiative such as M4EG does currently not exist in the EU. This is one of the main differences between the CoM and M4EG.

- Communicate on realisations (website, newsletter, videos, articles, interviews, support to visibility events, etc.)

2. *Supporting the development of a local energy policy and the Sustainable Energy Action Plans*

- Continue organising trainings on setting up an energy management system and a dedicated team at the municipality (including training of energy managers).
- Training on baseline emission inventories (BEI)/SEAP development. Tailor-made trainings for signatories, but also for CNC, CTC and CS in each country.
- Signatory-to-signatory exchanges (e.g. internships) and study visits.
- Providing administrative and technical support through a dedicated helpdesk.
- Awareness raising at local level to better inform the stakeholders (including NGOs, associations, media, citizens, politicians) about the measures that are being taken and their impacts.
- Exchange of best practice, regional networking events and seminars.

The expected results are:

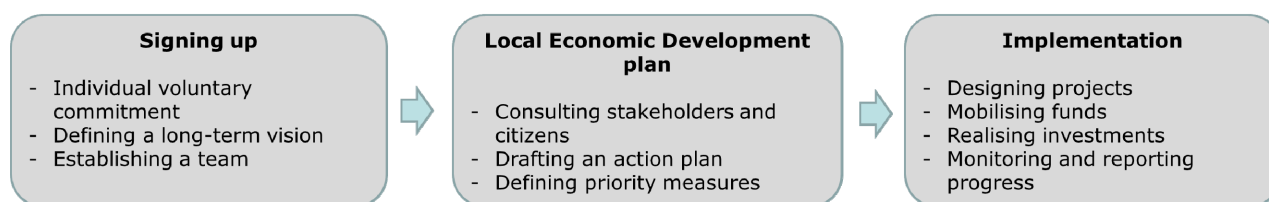
- Effective implementation of SEAPs or similar local sustainable development plans.
- The GHG emissions of Covenant signatories have decreased over the period 2015-2020.
- Enhanced capacity to develop urban investment projects at the level of the signatory, the CNC, CTC and CS.
- Partnerships between partner countries' and EU local authorities established.
- Better awareness of national authorities on local needs.
- Increased awareness about local sustainable development policies at the level of the local population and other stakeholders.
- The capacity of local/regional authorities in the EaP countries, with regard to climate change-related energy issues and in particular to the design, development and achievement of SEAP, is increased.

The project is expected to maintain the presence in the region, creating branches of the Secretariat of the Covenant of Mayors covering the countries targeted by this project. As such the project will continue using the logo of the Covenant of Mayors and work in full coherence with the general guidelines and principles established under the Covenant of Mayors.

4.3 Mayors for Economic Growth: expected results and main activities

Signatories of the Mayors for Economic Growth (M4EG) initiative would be asked to submit, within a year of joining the initiative, a Local Economic Development Plan (LEDP) or any similar plan, in which they outline in concrete measures how they intend to reach the objectives (e.g. economic growth). In order to produce such an ambitious document an initial assessment of the situation is necessary. Such a baseline assessment of the local economy is carried out by Signatories and is to be submitted alongside the LEDP to the M4EG secretariat that shall validate the plans.

Additional steps, such as adaptation of administrative structures, appropriate training of municipal staff, stakeholder engagement – for example together with national local authorities associations and business associations – are required to guarantee the successful implementation of the action plan. The concept for this new project can be visualised as follows. Smaller municipalities will have the option of submitting a grouped LEDP at cross-municipality level or at regional level.



The project will include the following activities:

- Information, awareness raising and helpdesk for all municipalities*
 - Preparation of information packs about M4EG, tailoring materials available through existing associations and networks; support to the organization of local Business Days and other thematic workshops.
 - Reactive (enquiry-driven) information assistance (Help Desk) on economic development and business related issues;
 - Methodologies and guidelines for baseline inventories, LEDPs, various implementation measures, and training materials;
- Assistance to the implementation of the M4EG and local economic development policies*
 - Direct expert assistance, and training to cities, city associations and networks and other potential stakeholders having a role in the preparation and implementation of the LEDPs or other similar economic development actions at city level;
 - Identification, training and assistance to supporting structures that could continue to contribute to the participation of the cities in the M4EG after the end of the project (train the trainers);

- Exchange of best practice, regional networking events and seminars, both at political and technical level;
- Assisting the preparation of bankable investments in line with the LEDP or other economic development actions at local level;
- For the countries that signed the DCFTA, supporting municipalities in providing services to their companies in cooperation with local BSOs to understand and benefit from the requirements and opportunities deriving from the DCFTA;
- Preparation and support to investment projects/partnerships for LEDP implementation measures. This includes assisting and supporting the local authorities that have been awarded a grant for implementing an investment project;
- Implementation LEDPs by identifying bankable investment projects;
- Foster cross-country partnerships between cities/local authorities;
- A detailed communication plan in line with the prescriptions (see 5.5).

The project is expected to establish an office in the region, which will function as a central secretariat for M4EG and will cover the countries targeted by this project.

The expected results are:

- A significant number of cities in the EaP countries sign up to the M4EG.
- The capacity of local/regional authorities in the EaP countries, with regard to economic development and in particular to the design, development and implementation of LEDPs is increased.
- M4EG and its related Local Economic Development Plans (LEDP) or similar actions are actually being designed and implemented by Signatory Cities.
- Enhanced general public awareness on economic/ business issues.
- Structures in support of the M4EG are set up or supported (e.g. business associations, chambers of commerce). Possibly by involving other donors.
- LEDP-related or other similar action-related projects in the appropriate format are presented to International Financing Institutions for investments (and possibly also to the European Neighborhood Investment Fund).
- Completion of investment projects in economic development/ business attraction, linked to the implementation of the city LEDP.
- The M4EG initiative has contributed to local economic growth (GDP) and to the reduction of the local unemployment rate.

- Lasting partnerships between local/regional authorities in the EU and in the ENP region are created, through their collaboration in the design and the implementation of urban development projects and in the framework of existing local/regional networks.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner countries, referred to in Article 184(2)(b) of the Financial Regulation.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in sections 4.1, 4.2 and 4.3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation modalities

The programme will have two streams: one for focusing on energy/ climate change (Covenant of Mayors stream – see section 4.2), the other focusing on economic development (Mayors for Economic Growth stream – see section 4.3). See also table in section 5.5.

5.3.1 Grants: calls for proposal (direct management) – Covenant of Mayors stream

- (a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The aim of the call is to assist local authorities in the ENP region with the implementation of measures embedded in their SEAPs.

- (b) Eligibility conditions

The call for proposals will be open to all local authorities having signed up to CoM and having developed a SEAP. Associations of municipalities and local NGOs may also be eligible applicants where relevant.

(c) Essential selection and award criteria

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

The essential award criteria are relevance of the proposed action to the objectives of the call, design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 80%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

4th trimester of 2016.

5.3.2 Procurement (direct management)

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Covenant of Mayors stream	Services	1	3 rd trimester 2015
Mayors for Economic Growth stream	Services	1	2 nd trimester 2016

5.3.3 Administrative arrangement with the Joint Research Centre (JRC) (direct management)

Under the Covenant of Mayors stream, the conclusion of an administrative arrangement (AA) with the JRC is foreseen to provide the services assigned to them within the framework of the Covenant of Mayors. The current AA with the JRC lasts until 29 February 2016 and will need to be renewed until 2019 in order to cover the present action period of implementation. Tasks devoted to the JRC are mainly related to the evaluation of SEAPs submitted and to providing support.

This AA is planned to be concluded during the 1st trimester of 2016.

5.4 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.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

The budget allocated for this action is EUR 20 million (EUR 4.5 million from budget 2015 and EUR 15.5 million from budget 2016 subject to its adoption), to be allocated under the two streams:

- EUR 5 million (budget 2016) for the M4EG initiative.
- EUR 15 million (of which EUR 10.5 million from budget 2016) for the extension of the Covenant of Mayors-East initiative.

Beneficiary countries and EU Member States will be encouraged to contribute to the project in various forms (in-kind contributions, expertise or provision of facilities).

Mayors for Economic Growth	Amount in EUR
Technical assistance (direct management – budget 2016)	EUR 5 million
Totals	EUR 5 million

Covenant of Mayors - East	Amount in EUR
Call for proposals (direct management – budget 2016)	EUR 10 million
Technical assistance (direct management – budget 2015)	EUR 4,5 million
Administrative arrangement JRC (direct management – budget 2016)	EUR 0.5 million
Totals	EUR 15 million

5.6 Organisation set-up and responsibilities

The action will be managed by Commission Services.

One steering committee involving key stakeholders and representatives of the Commission is planned for each stream. The two Steering Committees could be organised back to back to ensure an exchange of lessons learnt and synergies between both streams.

5.7 Performance 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 investment projects carried out and the number of action plans targeting sustainable urban development (such as LEDPs/ SEAPs) effectively implemented at local level. Another indicator will be the number of suitable local investment projects channelled towards IFIs. For the projects financed under the call for proposals, specific performance indicators will be determined and laid down in the respective logical frameworks.

For the associated service contracts, precise indicators will be introduced into the terms of reference of the related calls for tenders. The key indicators should relate to the technical assistance helping local authorities to design and implement investment projects and possible networking activities disseminating best practices, as well as the regular and accurate updating of the programmes' websites, which will act as the main sources of visibility and public information about its implementation.

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).

5.8 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.

5.9 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.

5.10 Communication and visibility

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

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

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner countries, contractors and/or grant beneficiaries. Appropriate contractual obligations shall be included in the procurement and grant contracts.

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

Specifically, communication and visibility activities will be designed to support the two streams under this programme and to share the experiences and results of the Action with stakeholders and citizens in the partner countries. It will be important to encourage LA to invest in sustainable development and in doing so to engage with their peers and citizens. The beneficiaries (LA) and the technical assistance teams will be the main drivers of the outreach to local communities and citizens. Although establishing contact with all individual citizens might not be a realistic objective, they will be targeted through media campaigns, information days, workshops, competitions etc. Throughout all activities under this Action, the EU visibility will be monitored closely by dedicated communication teams.

The programme will develop a detailed communication strategy and specific activities dedicated to communication and visibility. Where appropriate, the implementation of the communication strategy in the partner countries will be carried out in collaboration with the EU Delegations, and with other related projects.

In support of the launch of the call for proposals, EU Delegations will participate in the dissemination of information in the partner countries (possibly in coordination with local authority associations and networks), targeting local authorities to raise their awareness about this opportunity as well as central authorities to facilitate programme implementation.

Local authority associations and networks will also be involved in the awareness-raising phase, as well as in programme implementation. Potential applicants will be provided with all necessary information through project websites and, after the evaluation of the applications, to facilitate networking among the programme participants.

Permanent communication should be maintained with the Commission and with the ENPI Info Centre (www.enpi-info.eu).

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ²³

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To assist local authorities in the Eastern Neighbourhood Partnership (EaP) partner countries to address local sustainable development challenges (economic development, energy efficiency, security of energy supply, etc.).	Reduction of GHG emissions Local GDP growth Reduction of local unemployment	GHG emissions in 2015 (in selected municipalities) Local GDP in 2015 Level of unemployment in 2015	An average 20% reduction for the period 2015-2020 A significant contribution to local GDP growth for the period 2015-2020 (min 5%) A significant reduction of unemployment rates for 2015-2020 (min 5%)	Regional and local statistics. SEAP monitoring reports. Regional and national statistics. Reports prepared by governments or international donors.	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.

²³ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Specific objective: Outcome	SO1) encourage and support local authorities in designing and implementing Local Economic Development Plans (LEDP) and strengthen the technical skills and capacities of local authorities to implement economic strategies in line with the principles of good governance and sound financial management.	Number of LEDP developed	Number of existing economic development plans in selected cities in 2015	LEPDs developed	Project reports, government reports, regional administration reports.	A sufficient number of cities have, and are committed to, a sustainable local policy and have developed strategies to implement them.
	SO2) encourage and support local authorities to achieve and implement a more sustainable local energy	Reduction in energy consumption	Energy consumption in 2015 in selected cities	An average 20% reduction of energy consumption (2020)	Project reports, government reports, regional administration reports, regional and local statistics.	
		Reduction of CO2 emissions	CO2 emissions in 2015	An average 20% reduction of CO2 emissions (2020)		
		Increase of RES	Share of RES in energy mix in 2015	A significant increase of RES in local energy mix (min 5%)		
1.1 Enhanced capacity of LA to effectively design and implement actions from LEDPs	Number of economic development projects designed by the LA.	N/A	At least 2 economic development projects designed in each participating LA	Project reports, government reports, regional administration reports.	Risks: High turnover of civil servants staff of local authorities, low absorption capacity and inadequate	
		Number of economic	N/A			At least 1 project

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Output						