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

**ANNEX IV**

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

**Action Document for Support to post-COVID-19 Economic Recovery**

**ANNUAL ACTION PLAN**

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

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title CRIS/OPSYS Basic Act</b>	Support to post-COVID-19 economic recovery Multi-annual action plan part I in favour of Southern Neighbourhood for 2021-2023 CRIS number: NDICI-GEO-NEAR/2021/043-149 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	No
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Algeria, Egypt, Israel <sup>(1)</sup> , Jordan, Lebanon, Libya, Morocco, Palestine <sup>(2)</sup> , Syria <sup>(3)</sup> and Tunisia.  In duly justified cases, specific activities may also involve: <ul style="list-style-type: none"><li>• African countries bordering the Southern Neighbourhood countries</li><li>• Middle East countries bordering the Southern Neighbourhood countries</li></ul> Countries from the Union for the Mediterranean.  This is justified as the “Regional South Multiannual Indicative Programme (2021-2027)”, makes reference to the importance of cross regional cooperation: “The future regional cooperation should have a flexible geographical and thematic scope, also allowing for interlinkages with other regions, where necessary and appropriate as highlighted in the Joint Communication on a renewed partnership with the Southern

<sup>(1)</sup> See Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards on [http://eurlex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C\\_.2013.205.01.0009.01.ENG](http://eurlex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2013.205.01.0009.01.ENG).

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

<sup>(3)</sup> Co-operation with the Government of Syria suspended since 2011.

	Neighbourhood.” and “The EU will be ready to explore further regional, sub-regional or trilateral cooperation and joint initiatives between partners in targeted areas of mutual interest and of a cross-border nature”.			
<b>4. Programming document</b>	Communication for a renewed partnership with the Southern Neighbourhood JOIN (2021) 2 final of 09.02.2021. Regional South Multiannual Indicative Programme (2021-2027) <sup>4</sup>			
<b>5. Link with relevant MIP(s) objectives/expected results</b>	<u>Priority Area 2: Strengthen resilience, build prosperity and seize the digital transition</u>			
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>				
<b>6. Priority Area(s), sectors</b>	151 Government & Civil Society – general; 240 Banking and Financial Services; 321 Industry			
<b>7. Sustainable Development Goals (SDGs)</b>	<u>Main SDG:</u> Goal 8: “Decent work and economic growth” Goal 10 “Reduced inequalities”			
<b>8 a) DAC code(s)</b>	15111 Public finance management; 24010 Financial policy 32130 Small and medium-sized enterprises (SME) development			
<b>8 b) Main Delivery Channel @</b>	20000 Non-Governmental Organisations and Civil society 43 000 International Monetary Fund (IMF) 50000 Others			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<sup>4</sup> C(2021)9399 dated 16.12.2021.

	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11. Internal markers</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	<u>Digitalisation @</u> Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	<u>Connectivity @</u> Tags: transport people2people energy digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	<u>Migration @</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>BUDGET INFORMATION</b>			
<b>12. Amounts concerned</b>	Budget line: 14.02.01.10 Total estimated cost: EUR 16 100 000 Total amount of EU budget contribution: EUR 15 000 000 Total co-financing by grant beneficiaries: EUR 1 100 000			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Implementation modalities (type of</b>	Project Modality <b>Direct management</b> through:			

<b>financing and management mode)</b>	- Grants <b>Indirect management</b> with the International Monetary Fund (IMF)
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## 1.2. Summary of the Action

The **overall objective** of this Action is to support the post-COVID-19 economic recovery in partner countries through two distinct components:

### **Component 1: Support to economic governance (EUR 5 mio)**

- Support to economic reforms and macroeconomic management through the IMF Middle East Technical Centre (METAC). This builds on previous experience with METAC and is designed to help partner countries and economic institutions in the region to prepare, implement and monitor sound macro-economic policies that are conducive to economic recovery, sustainable and inclusive growth, while reducing vulnerabilities (EUR 3 mio).
- Strengthening capacity of CSOs on budgetary analysis, monitoring and advocacy (with the International Budget Partnership/IBP or alternative partners) (EUR 2 mio)

### **Component 2: Support to social economy and social entrepreneurship (EUR 10 mio)**

For the social economy to reach its full potential, it needs to be supported comprehensively. Based on previous experience, the main areas of intervention will encompass work at the three levels:

- **At macro level**, the programme will target policy advocacy and involve public authorities at national/local level and private/social business stakeholders with a view to promoting the model of social economy and encourage relevant reforms
- **At meso level**, the programme will target institutions and strengthen social enterprises support structures and other relevant social enterprises stakeholders. This will be achieved through capacity building and networking activities – South-South and South-North – peer learning and partnerships with relevant European organisations and networks
- **At micro level**, the programme will target social entrepreneurs and provide support, through sub-granting / cascading grants, to a number of promising initiatives with a high potential for job creation to serve as a demonstration/pilot experience in view of replicability and scaling-up, The scheme will not target very early/seed stage but will focus on the growing/scaling-up phase.

## 2. RATIONALE

### 2.1. Context

The **Joint Communication on a Renewed partnership with the Southern Neighbourhood (2021)**<sup>5</sup>, and in particular its **Economic and Investment Plan**, which includes concrete flagship initiatives in priority sectors that will help spur long-term socio-economic recovery, foster sustainable development and address the region’s structural imbalances will help spur long-term socio-economic recovery and to contribute to resilient economies. Economic governance is highlighted as a priority under flagship 2 “Human rights, the rule of law, modern and effective administrations, governance and accountability” while social economy is mentioned as a priority under flagship 6 “Inclusive economies”.

Macro-financial assistance, based on the fulfilment of specific conditions, and targeted assistance, mainly through budget support, for the implementation of public financial management and domestic revenue mobilisation strategies, will contribute to efforts to increase fiscal space and fiscal justice. Governance, transparency and the need to work with civil society figure prominently in the Communication. There is also a strong reference to promote inclusive economies with the aim of decent job creation and addressing inequalities.

In Europe, the **European Pillar of Social Rights (2017)** – which contributes to the achievement of a true social market economy in the EU - serves as the main guiding framework for integrating the employment and social SDGs within the

<sup>5</sup> JOIN(2021) 2 final, SWD(2021)23 final.

European context. The European Pillar of Social Rights Action Plan<sup>6</sup> (4 March 2021) sets out concrete actions to further implement the 20 principles of the Pillar, as well as proposes headline targets for employment, skills and social inclusion at EU-level to be achieved by 2030. This approach was confirmed by the EU Leaders during the Porto Summit (7-8 May 2021). Both the European Commission and its services as well as the European External Action Service participate in international development forums (agenda 2030: sustainable development goals, G20 inclusive business platform and G7 global social impact investment steering group to enhance the visibility of social and solidarity economy and make it part of the global political agenda.

The proposed Action is timely, as social economy has been increasingly on the spotlight over the last years. Within the EU, an **Action Plan for Social Economy** will be released by the end of 2021 “to enhance social investment, support social economy actors and social enterprises to start-up, scale-up, innovate and create jobs”. The Action Plan for the Social Economy is a central part of the Commission’s Fair Economy Package that aims at implementing the policy objective for 2019-2024 “An Economy that works for people. It will also aim to promote social economy internationally. Besides, the programme will link up with existing EU initiatives and networks (EaSI; EVPA; ESER etc. The European Social Economy Summit (26-27 May 2021) in Manheim confirmed how pivotal this model has become. Social economy is also seen as a promising paradigm in the MENA Mediterranean region and in the context of EU cooperation with its southern neighbours to boost socio-economic recovery from the COVID-19 pandemic and to ensure a fair green and digital transitions.

Since 2016, the **Union for the Mediterranean (UfM)** has increasingly discussed the importance and strong potential of social economy and social entrepreneurship to create jobs, foster inclusive growth and employability in the Euro-Med region. The April Cascais 2019 Declaration of Ministers of Employment and Labour specifically referred to the positive economic, social and environmental impact of social economy as well as to its potential for creating sustainable employment and generating inclusive economic growth in the region.

The COVID-19 pandemic had a severe impact on the economies of the Southern neighbourhood. In order to contain the virus, and in view of generally under-resourced healthcare systems, partner countries have imposed containment measures with large and negative effects on economic activity , fiscal space in partner countries and on employment levels.

Economic growth had already slowed down throughout 2019 and 2020 in the region, but the economic outlook has rapidly deteriorated for all countries with the exception of Egypt in 2021. Beyond the health emergency, a number of countries are facing a recession (Algeria, Jordan, and Tunisia) or even a severe recession (Lebanon).

Recession has also led to a massive increase in unemployment as well as social and territorial inequalities. The ILO estimates that the impact of COVID-19 saw some 17.3 percent of working hours lost in the region in 2020, and some 11 percent of labour income, thus further exacerbating the high levels of youth unemployment which marked the region already before the pandemic. This does not yet take into account the large informal sector which is not captured in official statistics and which was left without a safety net during COVID-19. Consequently, job creation and decent work quality are essential to sustained, sustainable growth as well as quality and quantity of employment.

Given these challenges, this regional Action supports the post-COVID-19 economy recovery by focusing on (i) economic governance and macroeconomic management to assist partner countries in addressing reduced fiscal space. This will be done through cooperation with the IMF as well as working with Civil Society Organisations on budget transparency; and (ii) social economy and entrepreneurship as a way to promote decent job creation and provide an economic perspective, especially for young people. With this in mind, the Action proposes two main components:

### **Component 1) support to economic governance**

METAC (the Middle East Regional Technical Assistance Centre of the International Monetary Fund - IMF) was created to enhance co-ordination and support among development partners to promote effective implementation of economic governance initiatives within the Middle East North Africa (MENA) countries. The centre was established in Beirut in

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<sup>6</sup> COM(2021) 102 final, SWD(2021)46 final.

2004, to initially serve ten countries/territories in the Middle East<sup>7</sup>. In 2016, at the suggestion of the EU, METAC extended its operations to Morocco, Algeria, and Tunisia.

The current phase of METAC (phase V, 2022-2027) is financed as a multi-donor platform managed by the IMF with contributions from Germany, France, the Netherlands, Switzerland, Kuwait, Lebanon and beneficiary countries. The EU also participated in previous phases. Regional action with IMF/METAC aims at improved access to IMF specialised expertise and enhanced co-ordination between METAC technical expertise and relevant EU support programmes. A regional initiative supported by the international community is best suited to finance specialised technical expertise to support the design and implementation of complex public governance reforms; to leverage common policy dialogue amongst donors and partner countries and to the exchange of best-practices on economic management policies and reforms within the specificity and common challenges of the region.

This work with mainly public entities (notably ministries of finance and Central Banks) will be complemented by a cooperation with the International Budget Partnership (IBP), a unique CSO platform on budget transparency which is offering training to local CSOs on how to analyse and monitor national budgets. IBP has developed over 20 years a well-respected Open Budget Initiative, a global research and advocacy program to promote public access to budget information and the adoption of inclusive and accountable budget systems.

Together, the actions under this component will contribute to more transparent and sound budget processes, and thus indirectly contribute to anti-corruption efforts.

## **Component 2) support to social economy and entrepreneurship**

The 2011 Arab Spring was triggered by a sense of hope amongst many citizens in south Mediterranean countries to restore justice and equality in their societies. Creating decent job opportunities and economic growth as well as solving social issues has been at the heart of the political momentum at the time. This has also created a need for new economic and inclusive models, in order to restore hope and create a new dynamic in the region.

With social inequality on the rise, the need for decent job creation, and a heightened sense of citizenship and social engagement, a new generation of ‘social’ entrepreneurs has emerged across the Mediterranean region. This category of entrepreneurs apply business principles and non-conventional approaches to solve development challenges in their local communities, which the public and private sectors are in some instances unable or unwilling to address.

A ‘social’ enterprise can be defined as an operator whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It also takes different organisational forms, including cooperative models. In Europe, social economy represents more than 2 million organisations and entities, accounting for 10% of all businesses in the EU).

Overall, there is a lack of recognition and understanding of social economy organisations, which are not supported with the adequate regulatory framework. It is worth stressing that social ‘organisations’ are made up of a wide landscape, e.g. associations, cooperatives, foundations, mutuals as well as social enterprises. Secondly, access to finance is a key concern, due to a weak financial literacy of those businesses and the absence of financial vehicles targeting them.

### **2.2. Problem Analysis**

#### **Short problem analysis**

**For Component 1 – Support to Economic Governance:** the negative impact of the COVID-pandemic was particularly felt on macroeconomic variables such as a widening budget deficit as a percentage of GDP, foreign international reserves and debt/GDP ratios. With the decline in tourism receipts and FDI, reserves have been rapidly depleted in the absence of alternative sources of foreign exchange. Fiscal deficits and public debt have mostly increased, as governments have raised their spending on pandemic-related and social expenditures. Hence, the buffers which allowed the economies of the region to survive through the COVID-19 crisis have been eroded due to the severity of the crisis.

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<sup>7</sup> Egypt, Jordan, Lebanon, Libya, Palestine, Syria, Sudan, Yemen, Irak and Afghanistan.

Most Southern neighbourhood economies have adopted policy measures to mitigate the impact of COVID-19, trying to increase capacity of their healthcare systems, support the financial system and provide relief to citizens and sectors hit by the crisis. Pre-crisis public finances were already under stress, so the very limited fiscal space in most of the partner countries in the Southern Neighbourhood was further reduced, with some countries requesting IMF emergency financing (Tunisia).

The support in fostering good economic governance, transparency, and accountability is at the heart of EU's cooperation with the Southern Neighbourhood. Next to assistance to governments in their budget preparation, there is a need to involve the citizens and civil society in the budget monitoring to nurture an environment in which budget priorities are actively debated and government is held to account for their budget decisions. There is a need for public access to sufficient levels of budget information, formal opportunities for public participation in budget processes, and civil society groups with the skills to analyse and influence budgets. With few exceptions, levels of budget transparency and public participation are in quite low throughout the MENA region. The ability of civil society to engage government in constructive dialogue is very limited as well.

**For Component 2 – Support to Social Economy and Entrepreneurship:** it is worth noting that social entrepreneurship is a resilient – as proved by the COVID-19 crisis - model that has the potential to address problems of poverty and inequality in Southern Mediterranean partner countries' societies by harnessing the potential of the "youth bulge" to fuel economic and social growth. While social entrepreneurship is still a relatively emergent sector in the Arab Mediterranean world, several elements are encouraging: 1) the growing level of involvement of young people and interest in volunteerism; 2) the rising interest in starting one's own business, combined with lower reliance on public sector employment; 3) the increased awareness of social and environmental issues for the benefit of society and communities.

The Southern Neighbourhood region sees uneven development on social economy. In most partner countries, there is no definition of social economy/entrepreneurship nor a specific legal framework. This does not mean that social entrepreneurship does not exist, but the concept has not yet been fully integrated into the narrative of policy makers. In Morocco, there is no clear framework on social economy, despite the significant number of associations and the willingness to give more weight to 'social' issues. In Tunisia, the weight of 'social entrepreneurs' accounts to slightly 1% of the GDP but positive steps in promoting social economy have been taken lastly, with the adoption of the law on 'Economie Sociale et Solidaire' in June 2020, as well as the Start-up Act in 2019 paving the way to a dynamic ecosystem of startups and a recent law on crowdfunding. In Lebanon, social entrepreneurship is an 'old' practice and remote needs/underprivileged communities have been supported by many cooperation and associations. There is no legal framework but a growing consensus by social entrepreneurs and stakeholders to develop a legal definition and dedicated association. In Egypt, Jordan and Palestine, although very little governmental support and technical resources have been invested on social entrepreneurship, examples of such entrepreneurs can be found and there have been several internationally-led initiatives to promote social businesses.

Social economy organisations are active in an increasing number of sectors such as social services, health care, education and training, energy transition, housing, agriculture, food production, manufacturing, banking, insurance, electronics, waste management, textiles, hospitality and tourism. Social economy organisations are a driver not only of economic activity, but also of values such as solidarity and social inclusion. These organisations often support human development targets and socio-economic empowerment in community contexts. They also tend to be managed in an accountable and transparent way, in particular by involving workers and relevant stakeholders.

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

**For Component 1 – Support to Economic Governance:** METAC has long-standing experience and expertise to help member countries in implementing reform measures needed to achieve higher and more inclusive economic growth. The main stakeholders for this component are the governments of the partner countries (Lebanon, Jordan, Palestine, Egypt, Libya, Morocco, Algeria and Tunisia) and their respective ministries (finance, planning etc.) which design, implement and monitor macroeconomic and public administration reforms and their national statistical institutes.

**For Component 2 – Support to Social Economy and Entrepreneurship:** social entrepreneurs in the region are faced with multiple challenges which need to be tackled at various levels. The challenges range from a lack of recognition and understanding of the ‘social economy’ concept being policy-related (no policy or legal frameworks existing, nor awareness among decision-makers), to legal or regulatory (no legal social entrepreneurship business model), financial (lack of impact funds and financial institutions willing to invest in social businesses) and the weaknesses/non-sustainable model of business support structures. The assumption is that if equipped with the adequate policy, legal and regulatory framework, as well as the appropriate networks and specialised service providers, the sector has great potential in bringing change to the region and enhancing the communities' wellbeing.

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Objectives and Expected Outputs

##### Component 1: Support to economic governance

**Overall objective:** Foster socioeconomic resilience by promoting economic governance, notably macroeconomic stability and reforms that are conducive to economic recovery, sustainable and inclusive economic growth as well as enhancing good governance, transparency and accountability.

The **specific objectives** are:

1. To strengthen the institutional capacity of partner authorities to design and implement macroeconomic and financial policies in the fields of (i) macroeconomic forecasting and policy analysis (ii) Central Bank Operations (iii) Banking Regulation and supervision (iv) Government Finance Statistics and Real sector statistics (National accounts) (v) Public Finance Management (vi) Revenue Administration (vii) Tax Policy and Tax Expenditure Assessment.

This will be done through cooperation with the IMF Middle East Technical Assistance Centre (IMF-METAC). This intervention, which follows a comparable Commission contribution to a previous phase and builds on past experiences, will be implemented through a direct grant to IMF to contribute jointly with other donors to the financing of the METAC V programme.

It will carry out activities at regional, sub-regional and country level encompassing the organisation of workshops, annual conferences, short term technical assistance, training of policy makers, information and results dissemination activities, assessment of economic policy frameworks and institutions, design of economic policies and their implementation, including institutional and legal set-ups, studies and preparation of guidelines and regional policy notes on specific topics conducive to policy reforms inclusive of sustainability and socially impact aspects.

2. To build a conducive environment for transparent, inclusive and accountable public budgeting by improving access to information and strengthening the ability of civil society to actively participate in budget processes.

This will be done through cooperation with the International Budget Partnership (IBP). This intervention will develop skills for undertaking budgetary analysis, monitoring and advocacy work and other related areas through training, regional seminars, webinars, workshops and peer-to-peer learning, exchanges of lessons learnt and best practices, analytical studies, carrying out of Open Budget Survey.

This would lead to improved capacities in CSOs to understand, analyse and advocate for equitable and efficient budget policies and implementation, completion of Open Budget Survey, improved scores in the OBS, and countries becoming more transparent, accountable and willing to prepare and implement participatory budgets.

**Main expected results** related to objective 1 in selected countries:

- Improved skills for macroeconomic policy analysis and forecasting; operationalised Medium Term Fiscal Framework; macroeconomic projections and economic policy analyses are integrated in the economic policy process; transparency and policy credibility are improved through better external communication.



- Enhancing the effectiveness of monetary policy implementation and strengthening central banks' operational framework within the existing monetary policy regime; Strengthen efficient implementation of foreign exchange operations given the existing monetary policy and foreign exchange regime; Enhancing central bank risk management process;
- Develop/strengthen banks' regulatory and supervision frameworks and tools (including risk-based supervision and risks in Islamic banking); Improved accounting and prudential provisioning regulatory guidelines; Develop/strengthen cyber security regulation and prudential norms.
- Build human and institutional capacities to improve the quality of Government Finance Statistics and Public Sector Debt Statistics; improved data sources, classification, and progressively migrating to an accrual basis of recording; Strengthen compilation and dissemination of national accounts: Strengthen compilation and dissemination of price statistics:
- Comprehensive, credible, and policy-based budget preparation; Fiscal policies and associated institutional frameworks are consistent with progress towards SDGs; Improved asset and liability management, improved budget execution and control; Enhanced comprehensiveness, frequency and quality of fiscal reports; Identification, monitoring and management of fiscal risks;
- Strengthened revenue management and governance arrangements, strengthened core tax and improved custom administration functions;
- Enhanced transparency in conduct of tax policy, simplified and improved enforcement of tax laws and minimised compliance costs; quality and intensity of fiscal policy debate improved.

**Main expected results** related to objective 2 in selected countries:

- Selected CSOs in the target countries demonstrate improved capacities to understand, analyse, and advocate for equitable and efficient budget policies and implementation and to engage with governments on budgets
- OBS will be completed in a number of target countries, country advocacy plans will be developed and implemented. A certain number of countries covered by the OBS improve their scores on the Survey.

## **Component 2: Support to social economy and entrepreneurship**

**Overall objective:** To strengthen and promote social economy as a vector for job creation and expansion of economic opportunities, leading to a more inclusive economy in the Southern Neighbourhood countries.

The **specific objectives** are:

1. To promote social economy policies and legislation through advocacy and peer exchange and increase the level of collaboration between stakeholders (public authorities, business support organisations, investors and social entrepreneurs)
2. To increase the capacity and business competences of social economy support structures (SESOs)
3. To prepare social entrepreneurs to scale up through technical assistance, tailor-made expertise (training, coaching and mentoring) and access to finance

**Main expected results:**

- policy dialogue and national regulatory framework is enriched through awareness raising activities and promotion of social innovation, thus addressing the lack of recognition (and negative perception) of this category of entrepreneurs

- building on previous regional initiatives (such as MedUP), the regional network of existing social enterprises support structures (social enterprises clusters/incubators/accelerators) is strengthened through capacity building activities; networking and partnerships with EU equivalent organisations are established;
- economic sustainability of a number of existing social enterprises is ensured through mentoring / coaching services delivered by social entrepreneurship support organisations and other relevant business support organisations;
- A number of promising initiatives at micro level are supported and wide visibility is ensured to demonstrate / showcase the potential of social entrepreneurship for inclusive growth and job creation; At least 50 entities and/or groups of entrepreneurs will receive sub-grants through a competitive process. The scheme will not target very early/seed stage but will focus on the growing/scaling-up phase. It will in particular target young and women social entrepreneurs and provide opportunities both in urban and rural areas.
- Access to finance is addressed through the provision of tailor-made technical support (non-financial support) and through the cooperation with existing funds and IFIs schemes, including on new financing vehicles (such as impact funds). Those new financing vehicles, offering a more tailored, needs-based financial and non-financial support will respond to lack of appropriate funding and will go beyond traditional grant making. This should target not only the needs of social entrepreneurs themselves but also SESOs.

### 3.2. Indicative Activities

Type of activities for **component 1 Support to economic governance** (*non-exhaustive*):

**METAC:** Activities at regional, sub-regional and country level, will encompass the organisation of workshops, annual conferences, short term technical assistance, training of policy makers, information and results dissemination activities, assessment of economic policy frameworks and institutions, design of economic policies and their implementation, including institutional and legal set-ups, studies and preparation of guidelines and regional policy notes on specific topics conducive to policy reforms inclusive of sustainability and socially inclusive impact aspects.

**IBP:** Activities at regional, sub-regional and country level, will encompass capacity building in the form of training, regional seminars, webinars, workshops and peer-to-peer learning, exchanges of lessons learnt and best practices, analytical studies, support to complete the Open Budget Questionnaires in the target countries and disseminate Survey findings, support to strengthen ability to undertake policy dialogue with governments advocating for more transparent, accountable and participatory budgets.

Type of activities for **component 2: Support to social economy and entrepreneurship** (*non-exhaustive*):

At **macro** level:

- Policy dialogue and peer-to-peer exchange; sharing of best practices
- Advocacy campaign and organisation of focus groups
- Public/private dialogue with national and local authorities to promote the model of social economy and encourage relevant reforms
- Awareness-raising campaigns and organisation of conferences/Workshops

At **meso** level:

- Capacity building of social economy support organisations and networking activities (South-South and South-North)
- activities encouraging peer learning and partnerships with relevant European organisations and networks
- Technical assistance (trainings, coaching and mentoring, study tours)
- Access to finance facilitation: connections between social enterprises and possible investors. Possible TA and support to existing funds

At **micro** level:

- Support to a number of selected promising initiatives to serve as a demonstration/pilot experience in view of replicability and scaling-up. The scheme will not target very early/seed stage but will focus on the growing/scaling-up phase;
- Technical assistance and tailor-made expertise (training, coaching and mentoring)
- Sub-granting / cascading grants

### **3.3. Mainstreaming**

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

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

The EIA screening classified the action as Category C (no need for further assessment).

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

The CRA screening concluded that this action no or low risk (no need for further assessment).

Although the Action does not specifically target environment and climate change, it will encourage whenever possible green transition and respect of environmental standards (e.g. development and spreading of best practices). For instance, the work on economic governance with METAC will include analysis the impact of climate change on public budgets. Since social economy by definition tends to go beyond the economic benefits, good social and green practices are intrinsically applied and will be embedded in the various activities. Identification of shared solutions for awareness raising campaigns could also be deployed.

#### **Gender equality and empowerment of women and girls**

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G0. This implies that equal opportunities and gender mainstreaming are embedded throughout the action.

Equal opportunity and gender mainstreaming: Inequalities in the participation of women in business and the labour market are registered in the whole region, together with other significant differences such as substantial wage gap between men and women and the lack of entrepreneurial opportunities. Unemployment generally affects women more than men in all age groups, particularly as regards long-term unemployment. The growing educational level of women in the region has often not translated into improved market access.

The Action will address equal opportunity and gender mainstreaming in several ways:

#### **Component 1: support to economic governance**

Gender equality and women's empowerment will be particularly covered in the work with civil society. This Action will mainstream gender equality and youth issues and seek to integrate, and capitalise on existing thematic, regional and bilateral programmes that are already implemented with CSOs active in the fields of gender equality and support for youth, as well as Women's CSOs active in other fields of intervention within this action.

In this respect, this Action contributes to the implementation of the GAP III and the advancement of EU gender equality objectives, in dialogue with the Renewed Partnership with the Southern Neighbourhood, by strengthening women's rights organisations and social movements as key strategic partners for good governance and public accountability building in the region, and in our cooperation. In so doing, this Action will meaningfully involve WCSOs in the activities, trainings, consultations and any other action planned to achieve the expected results. Considering that WCSOs are mostly absent from decision-making processes and arenas, specific attention will be placed on ensuring a gender balance participation at output level, ensuring women's and men's equal participation to events, forums, structured dialogues etc. Gender data will be collected in order to track progress and identify potential hubs for unconscious gender bias.

#### **Component 2: support to social economy and entrepreneurship**

The Action will incorporate a gender-based approach at all levels and stages of its design and implementation. Given the importance of women empowerment policies in the region, the Component will encourage women participation and gender equality in several ways: it will aim to include business support organisations representing female entrepreneurs and will also put emphasis on women entrepreneurship through use of role models, peer learning and mentoring, fair participation of women to trainings and activities of the programme.

### Human Rights

The Action will be implemented in respect of a Rights-Based approach, notably a human rights approach, at all levels and stages of its design and implementation, e.g. avoid any unintentional human rights harm, imbalance or negative impact.

### Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the overall Action will take into consideration the specific needs of vulnerable groups by aiming to improve, through its actions, the rights and/or the quality of life of vulnerable groups.

### Democracy

The overall Action will take into consideration the specific needs of vulnerable groups by aiming to improve, through its actions, the rights and/or the quality of life of vulnerable groups.

### Conflict sensitivity, peace and resilience

The overall Action will take into consideration the specific needs of vulnerable groups by aiming to improve, through its actions, the rights and/or the quality of life of vulnerable groups.

### Civil society

Engagement with civil society and public-private policy dialogue are important for the success of this Action. It will be addressed in several ways. Under Component 1, work with public entities on economic governance is complemented by systematic engagement with civil society on budget transparency. This part of the Action will be implemented by civil society which is also the main target group of the action. Component 2 will involve civil society organisations (CSOs), including social partners, in relevant project activities as they will be called to play an active role in the implementation of pilot projects, whenever possible.

## 3.4. Risks and Lessons Learned

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
1	Political instability preventing a regional focus on economic development	Moderate	Moderate	Adoption of a progressive or variable geometry approach
3	Limited involvement of stakeholders and uneven interest from public authorities	Moderate	Moderate	Identification of stakeholders to be involved in the project and ensure their implication from the early stage of the design
3	Limited involvement of stakeholders, and uneven interest from public authorities	Moderate	Moderate	Reinforce dialogue on reforms with stakeholders targeted by the different project activities, ensure their implication at an early stage of the design and commitment to carry out reforms. METAC conducts project risk assessments according to the RBM governance framework. Involvement of policy makers from an early stage on social economy. Advocacy campaigns and strong visibility measures.

1	Political instability preventing a regional focus on economic reforms and sound economic governance, development, reduced growth, increase in public debt, limited fiscal space, stress on social protection systems	Moderate to High	Moderate to High	Maintain regular and intense high-level political and economic dialogue. METAC conducts project risk assessments according to the RBM governance framework.
1	Limited/shrinking democratic space for civic engagement and for advocating for transparency and accountability, and weak capacity of civil society organisations	Moderate to High	Moderate to High	Careful identification and selection of local CSOs in cooperation with EU Delegations taking into account country context and security concerns

**Assumptions (to be reflected in the Logical Framework Matrix below) – grouped by outputs and outcomes**

No major governance disruption in the target countries.

Partner countries are willing to reach a higher degree of co-operation within the region and with EU. Partner countries will ensure sustainability and durability to the respective projects by making available the necessary human, financial and material resources

Policy makers in the region are looking for policy reforms and co-operation strategies to foster macro-economic stability and to undertake fiscal consolidation efforts in order to promote economic recovery, sustainable and inclusive economic growth.

Partner countries will contribute with their own resources to implement policies and ensure sustainability and durability of the respective proposed actions by making available the necessary human, financial and material resources.

CSOs in the target countries are interested in building their skills on budget and related issues, and in participating in regional networks through exchanges at regional level.

Open Budget Survey is perceived as a credible and unbiased instrument and governments are willing to engage in dialogue with CSOs on budgetary and related issues.

Policy makers, business and trade associations, local actors and social partners are willing to co-operate and share their experience within the region.

Stakeholders are willing to develop joint actions, tools and methods targeting new business opportunities and job creation in particular for youth and women.

**Lessons Learned:**

**Component 1 – Support to economic governance**

The cooperation with IMF-METAC builds on successful past experience and a mid-term evaluation of phase IV carried out in 2020/2021, which has confirmed the relevance of METAC activities, the high-level of expertise provided, and the need for more support on governance and public finance management issues due to the COVID-19 pandemic, in view of increased government expenditure on health and social support. It also acknowledged METAC's responsiveness

and flexibility in delivery during COVID-19, where most capacity building events were taken online, thus being accessible to a wider audience. The lessons learned will be applied to the future phase V.

The work with civil society, notably with the International Budget Partnership (IBP) organisation builds on a similar experience. DG INTPA supported a regional project “Strengthening Public Financial Management through Open Budgets & Civic Participation” covering 24 countries including Tunisia to build the conditions for transparent, inclusive, and accountable public budgeting by improving access to information and participation and strengthening the ability of civil society to actively participate in budget processes. The current Action is based on this experience and will work with additional countries in the Southern Neighbourhood (Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Palestine) using the Open Budget Survey (OBS) as a main tool for improving access to budget information and implement advocacy plans for more public involvement in budget processes. DG NEAR supported a regional statistical cooperation programme MEDSTAT IV, with a sector on business registers and statistics. A new phase of the programme, MEDSTAT V will launch in January 2022. Synergies between MEDSTAT and this action will be ensured, in order to maximise benefits, ensure coherence and prevent overlap.

## **Component 2 – Support to social economy and entrepreneurship**

Support in this area is based on two ongoing regional programmes, MedUP and more recently SAFIR. For the MedUP programme, a mid-term evaluation was carried out in 2020, with an overall positive assessment. Results showed that the objectives and activities were highly relevant and consistent with both the EU and national policies on social entrepreneurship. The needs were clearly identified at all levels (macro, meso and micro). With the absence of a legal framework and sometimes confusion around the concept in the region, advocacy and sharing experience on social economy should remain a building block of future support. Similarly, Social Enterprise Support Organisations require continued support, both to provide better services to their clients and to scale up themselves. The evaluation also pointed to stronger emphasis on access to finance: grants proved to be useful for newly-created enterprises but of limited use, once enterprises reach the growth stage. Therefore, there is a clear need to consider larger grants as well as other types of financial instruments, such as equity, semi equity, debts and/or guarantees. The use of the different funding modalities, including financial support to third parties (sub-granting) is strongly advised in order to diversify and enhance outreach to entrepreneurs/end users and have a strong demonstration effect.

While bilateral action has contributed significantly to reinforce capacities of business representative organisations, regional action was considered best suited for exchange of experience among institutions and establishing links and networks with European counterparts. The evaluation advised not to ‘duplicate’ initiatives launched at bilateral level (e.g. with much bigger amounts) but to complement and focus on these activities having a regional dimension and encouraging linkages between South countries and with the EU. Furthermore, due to the rather large availability of activities and grants focusing on the start-up and seed stage, it is recommended to focus on helping companies and entrepreneurs scaling up and growing stage. The use of the different funding modalities, including financial support to third parties though sub-granting is strongly advised in order to diversify and enhance outreach to entrepreneurs/end users and have a strong demonstration effect.

### **3.5. The Intervention Logic**

The underlying intervention logic for this action is that, for component 1: to foster socio-economic resilience by promoting economic governance, notably macroeconomic stability and reforms that are conducive to economic recovery, sustainable and inclusive economic growth, as well as enhancing good governance, transparency and accountability.

For component 2, the underlying intervention logic is to strengthen and promote social economy as a vector for job creation and expansion of economic opportunities, leading to a more inclusive economy in the Southern Neighbourhood countries.

### **3.6. Indicative Logical Framework Matrix**

Results for component 1	Results chain:	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	Foster socioeconomic resilience by promoting economic governance and reforms that are conducive to economic recovery, sustainable and inclusive economic growth as well as enhancing good governance, transparency and accountability.					<i>Not applicable</i>
<b>Outcome 1</b>	<p>To strengthen the institutional capacity of partner authorities to design and implement macroeconomic and financial policies</p> <p>This will be done in the following areas: (i) macroeconomic forecasting and policy analysis (ii) Central Bank Operations (iii) Banking Regulation and supervision (iv) Government Finance Statistics and Real sector statistics (v) Public Finance Management (vi) Revenue Administration (vii) Tax Policy and Tax Expenditure Assessment.</p> <p><i>A detailed Indicative Log Frame has been prepared by the IMF for METAC Phase V (with expected results agreed by partner countries by 2027)</i></p>	<p>1.1 PFM indicators (IMF, WB)</p> <p>1.2 International macroeconomic statistics (IMF)</p> <p>1.3 Indicators of the METAC work programme</p>	<p>1.1 IMF/METAC reports (2021).</p> <p>1.2 WB / EU / PFM country assessment reports (2021)</p>		<p>Progress reports IMF/METAC and WB / EU / PFM country assessment reports</p>	<p>METAC partner countries and donors make sufficient human and financial available to allow delivery of TA in a effective and timely manner.</p> <p>Co-ordination with TA from IMF/HQ and other donors is ensured</p>
<b>Outcome 2</b>	To improve access to information and the ability of civil society to actively participate in budget processes.	<p>2.1 An Open Budget Survey (OBS) is carried out for x number of new countries.</p> <p>2.2 Those countries who have already been covered by the OBS improve their scores on the Survey.</p>	2.1 OBS in 2020	2.1 At least 1 new OBS At least 10% improvement on general scores in at least 50% percent of involved countries.	2.1 Open Budget Survey	Political stability; interest of governments to cooperate on OBS



<b>Output 1 related to Outcome 1</b>	Improved skills for macroeconomic policy analysis and forecasting					
<b>Output 2 related to Outcome 1</b>	Enhanced the effectiveness of monetary policy implementation and strengthening central banks' operational framework within the existing monetary policy regime;					
<b>Output 1 related to Outcome 2</b>	Selected CSOs in the target countries demonstrate improved capacities to understand, analyse, and advocate for equitable and efficient budget policies and engage with governments on budgets.	2.1.1 Number of CSOs trained 2.1.2 Number of advocacy plans developed and implemented	2.1.1 0 2.1.2 0	2.1.1 up to 30 2.1.2 up to 7 Libya/Palestine	2.1.1 Project reports 2.1.2 OPEN budget survey	
<b>Output 2 related to Outcome 2</b>	Open Budget Survey is carried out in at least 8 countries of the region	2.2.1 Number of newly developed OBS	2.2.1 0	2.2.1 Libya/Palestine	2.1.1 Project reports 2.1.2 OPEN budget survey	

<b>Results for component 2</b>	<b>Results chain:</b>	<b>Indicators (at least one indicator per expected result)</b>	<b>Baselines (year)</b>	<b>Targets (year)</b>	<b>Sources of data (1 per indicator)</b>	<b>Assumptions</b>
<b>Impact</b>	To strengthen and promote social economy as a vector for job creation and expansion of economic opportunities, leading to a more inclusive economy in the Southern Neighbourhood countries.	<i>Number of full time equivalent jobs supported or sustained by the Action (analysed by gender)</i>	Surveys at the project level		M&E system at the project level	<i>Not applicable</i>
<b>Outcome 1</b>	Social economy policies and legislation are promoted and there is an increased level of collaboration between relevant stakeholders (public authorities, business support organisations, investors and social entrepreneurs)	Number of legislative/regulatory proposals initiated  Introduction of social enterprises/structures legal status and accompanying measures and incentives  Number of joint advocacy meeting and public events organised	Baseline to be defined in the inception phase  National baseline surveys/studies		M&E system at the project level	
<b>Outcome 2</b>	Capacity and business competences of social economy support structures (SESOs) have increased	Number of SESOs which benefitted from support			M&E system at the project level	

		<p>Number of participation to trainings and, tailor-made expertise</p> <p>Number of events organised and number of initiatives linked to social economy/entrepreneurship</p>				
<b>Outcome 3</b>	Social enterprises expand their activities and have better access to finance	<p>At least 50% of the social enterprises supported through the Action expand their businesses</p> <p>Number (or percentage) of supported entrepreneurs/enterprises investing in additional staff</p> <p>% of enterprises that have received financial backing from financial institutions (OR: Number of entrepreneurs with access to financial services)</p>	0	Final estimate of trainings participants For example 30 percent of Social entrepreneurs in this project will have success in business competitions or with investors	M&E system at the project level	
<b>Output 1 related to outcome 1</b>	Policy dialogue and national regulatory framework is enriched through awareness raising activities and promotion of social innovation	<p>Number of legislative and/on regulatory initiatives developed on social economy</p> <p>Number of public campaigns and public events organised</p> <p>At least 10 Best practices on social entrepreneurship are widely disseminated among national, regional and international audience for replication</p>			M&E system at the project level	
<b>Output 2 related to outcome 1</b>	The level of collaboration between South countries and EU counterparts in the field of social economy has intensified	<p>National and regional networks are put in place on a regular basis</p> <p>Knowledge-sharing platforms at national, regional and local levels are put in place</p>			M&E system at the project level	

<b>Output 1 related to outcome 2</b>	The regional network of existing social enterprises support structures (social enterprises clusters/incubators/accelerators) is strengthened through capacity building activities	Number of partnerships/joint projects between SESOs in the region and with the EU			M&E system at the project level	
<b>Output 2 related to outcome 2</b>	Sustainability of SESOs and quality of services delivered are enhanced	Sustainable business plans for SESOs are developed			M&E system at the project level	
<b>Output 1 related to Outcome 3</b>	Economic sustainability of a number of existing social enterprises is ensured through mentoring / coaching services delivered by social entrepreneurship support organisations and other relevant business support organisations	Number of social enterprises/structures receiving support			M&E system at the project level	
<b>Output 2 related to Outcome 3</b>	Access to finance is addressed through the provision of tailor-made technical support (non-financial support) and through the cooperation with existing funds and IFIs schemes, including on new financing vehicles (such as impact funds)	At least 80 entities and/or groups of entrepreneurs receive sub-grants through a competitive process  Knowledge on available financial instruments for the social economy through debt, equity, public-private partnership etc...is spread  Capacity of financial intermediaries and structures supporting social economy is increased			M&E system at the project level  Data from local and regional financial institutions	

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

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

### **4.2. Indicative Implementation Period**

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of the adoption by the Commission of this Financing Decision.

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

### **4.3. Implementation Modalities**

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

#### **4.3.1. Direct Management (Grants)**

##### **a) Purpose of the grants**

##### **Component 1: support to economic governance**

###### ***Working with Civil Society Organisations (CSOs):***

The purpose of this grant is to support IBP for its interventions in strengthening civil society's ability to analyse budgets, particularly in countries where the EU provides budget support, fostering high standards of transparency and accountability.

##### **Component 2: support to social economy and entrepreneurship**

The purpose of the grant is to contribute to the development and maturing of the social economy ecosystem. An estimated 30-40% of the grant will be used for sub-granting.

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

##### **Component 1: support to economic governance**

###### ***Working with CSOs:***

The targeted applicant is the International Budget Partnership (IBP), a unique CSO platform offering training to local CSOs on how to analyse and monitor national budgets.

##### **Component 2: support to social economy and entrepreneurship**

The call for proposals will target potential applicants with experience on social economy and entrepreneurship, notably legal entities; natural persons or groupings, international organisations, NGOs, economic operators such as enterprises and business support structures.

##### **c) Justification of a direct grant**

##### **Component 1: support to economic governance**

Under the responsibility of the European Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the International Budget Partnership (IBP).

IBP is a unique CSO platform offering training to local CSOs on how to analyse and monitor national budgets. The EU refers significantly to the "Open Budget Survey" and in particular the Open Budget Index (OIB) elaborated by IBP for its budget support operations. Indeed, the index is indicated in European Commission Budget Support guidelines as a

key source of information for assessing budget support eligibility criteria on transparency. In addition, it is used in the development of the Risk management framework and the budget support annual report highlights it as a key reference. Moreover, the Staff Working Document "Collect More Spend Better – Achieving Development in an Inclusive and Sustainable way"<sup>22</sup> foresees it as a key element of the "Improving transparency, accountability and oversight in domestic finance: support international and regional initiatives strengthening the capacities of civil society organisations in their work on domestic revenues, expenditures and illicit financial flows" agenda.

The above conditions justify the fact that IBP is in a situation of de facto monopoly in compliance with Article 195(c) of the Financial Regulation.

#### 4.3.2. Indirect management with an international organisation

A part of component 1 of this action may be implemented in indirect management with the International Monetary Fund (IMF) through the Middle East Technical Assistance Centre (METAC).

The implementation by this entity entails strengthening the institutional capacity, enhancing knowledge and skills of partner authorities to design and implement macroeconomic and financial policies by carrying out activities at regional, sub-regional and country level in the form of workshops, annual conferences, short term technical assistance and training in the design of policies and their implementation in the areas of public finance management, fiscal/revenue administration, macro-economic management, central banking supervision and macroeconomic statistics.

The envisaged entity has been selected using the following criteria notably its operational capacity, solid knowledge of the areas covered, former experience of implementing such activities through a multi-donor platform (Trust Fund) thus scaling up resources and by deploying experts in highly specialised areas including drawing on expertise from different IMF departments and bringing in value added by both providing tailor made technical assistance at country level combined with a sub-regional and regional approach.

#### 4.4. Scope of geographical eligibility for procurement and grants

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

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

#### 4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution (amount in EUR)
<b>Component 1</b> composed of		
Grant (direct management), direct award to IBP – cf. section 4.3.1	2 000 000	N.A
Indirect management with the IMF – cf. section 4.3.2	3 000 000	Support from other donors to be determined
<b>Component 2</b> composed of		
Grants (direct management) – cf. section 4.3.1	10 000 000	1 100 000
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	will be covered by another decision	N.A.
<b>Communication and visibility</b> – cf. section 6	N.A.	N.A.

<b>Totals</b>	<b>15 000 000</b>	<b>1 100 000</b>
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#### **4.6. Organisational Set-up and Responsibilities**

This action will be managed by Commission services (Directorate-General for Neighbourhood and Enlargement Negotiations in close cooperation with other Commission services and relevant stakeholders). Dedicated Steering Committees will be created, with the participation of relevant Commission services (ad hoc organisations/stakeholders could be invited too). For the cooperation with IMF- METAC, the Commission will be represented in the regular review meetings of the Donor Trust Fund.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

#### **4.7. Pre-conditions**

Conditions for implementation are particularly relevant for Component 2: support to social economy and entrepreneurship, which involves comprehensive support at macro-, meso- and micro-levels. Political commitment and interest is required around the concept of ‘social economy’, thus allowing to create a positive narrative and sufficient critical mass. A legal framework for developing social businesses in Mediterranean partner countries would be important to build up the ecosystem and gain in credibility. The particular situation of countries should be taken into account and a different approach/activities might be needed, according to the context. Dialogue to reinforce reforms should happen, together with an involvement of various stakeholders from the early stage of the programme.

### **5. PERFORMANCE MEASUREMENT**

#### **5.1. Monitoring and Reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partners’ responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log frame matrix.

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

Every report shall provide an accurate account of the implementation of the Action, difficulties encountered, changes introduced, as well as the degree of achievements of its results as measured by corresponding indicators, using as reference the logframe matrix. Apart from IMF-METAC, which will use its own reporting and logframe as part of a multi-donor Trust Fund, every contract will have its own logical framework. During the inception phase, the initial intervention logframe and its indicators may be completed or revised for improvement. It can also be revised during the implementation to reflect adaptation to changing circumstances.

Roles and responsibilities for data collection, analysis and monitoring:

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

#### **5.2. Evaluation**

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

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

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

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

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

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

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

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

## **6. COMMUNICATION AND VISIBILITY**

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

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

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

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

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

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

