EN

THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX 4

of the Commission Implementing Decision on the financing of the annual action plan in favour of the NDICI Neighbourhood East Region for 2022

Action Document for EU4Digital: Investing in Broadband Connectivity

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 of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

| 1. Title |
|OPSYS Basic Act|
|---|---|
|EU4Digital: Investing in Broadband Connectivity|
|Annual action plan in favour of Neighbourhood East for 2022|
|OPSYS business reference: ACT-61184|
|ABAC Commitment level 1 number: JAD 1004251|
|Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).|

2. Team Europe Initiative

No

3. Zone benefiting from the action

The action shall be carried out in the Eastern Partnership countries ((Armenia, Azerbaijan, Belarus\(^1\), Georgia, Republic of Moldova\(^2\), and Ukraine).

4. Programming document

Multi-annual Indicative Programme for the Neighbourhood East Region for the period 2021-2027\(^3\)

5. Link with relevant MIP(s) objectives/expected results

Priority area 4: Resilient digital transformation
Priority area 1: Resilient, sustainable, and integrated economies

PRIORITY AREAS AND SECTOR INFORMATION

6. Priority Area(s), sectors

Priority area 4: Resilient digital transformation
- Specific objective 1: Invest in digital infrastructure, development and upgrading
- Specific objective 2: Promote e-services, supporting integration into the EU Digital Single Market, enhancing e-skills

---

\(^1\) In line with the Council Conclusions of 12 October 2020 and in light of Belarus’s involvement in the Russian military aggression against Ukraine, recognised in the European Council Conclusions of February 2022, the EU has stopped engaging with Belarusian authorities. The EU focuses on intensifying cooperation with non-state stakeholders, including notably civil society, independent media and youth via its relevant cooperation programmes.

\(^2\) Hereinafter referred to as Moldova

\(^3\) C(2021)9370 adopted on 15/12/2021
Priority area 1: Resilient, sustainable, and integrated economies  
- Specific objective 1: Strengthen economic, small and medium enterprises and trade development

<table>
<thead>
<tr>
<th>7. Sustainable Development Goals (SDGs)</th>
<th>Main SDG (1 only):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Goal 9. Industry, innovation and infrastructure</td>
</tr>
<tr>
<td>Other significant SDGs (up to 9) and where appropriate, targets:</td>
<td>Goal 1. End poverty</td>
</tr>
<tr>
<td></td>
<td>Goal 3. Good health and well-being</td>
</tr>
<tr>
<td></td>
<td>Goal 4. Quality education</td>
</tr>
<tr>
<td></td>
<td>Goal 5. Gender equality</td>
</tr>
<tr>
<td></td>
<td>Goal 8. Decent work and economic growth</td>
</tr>
<tr>
<td></td>
<td>Goal 10. Reduced inequalities</td>
</tr>
<tr>
<td></td>
<td>Goal 11: Sustainable cities and communities</td>
</tr>
<tr>
<td></td>
<td>Goal 12. Responsible consumption and production</td>
</tr>
<tr>
<td></td>
<td>Goal 13. Climate action</td>
</tr>
</tbody>
</table>

| 8 a) DAC code(s) | 22040 - Information and communication technology (ICT) |
|                 | 22020 - Telecommunications |

<table>
<thead>
<tr>
<th>8 b) Main Delivery Channel</th>
<th>Multilateral organisations - 40000</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>9. Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Migration</td>
</tr>
<tr>
<td>☐ Climate</td>
</tr>
<tr>
<td>☒ Social inclusion and Human Development</td>
</tr>
<tr>
<td>☐ Gender</td>
</tr>
<tr>
<td>☐ Biodiversity</td>
</tr>
<tr>
<td>☐ Human Rights, Democracy and Governance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10. Markers (from DAC form)</th>
<th>General policy objective</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Principal objective</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Participation development/good governance</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td>Aid to environment</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td>Gender equality and women’s and girl’s empowerment</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td>Reproductive, maternal, new-born and child health</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

---

4 DAC sectors (codes and descriptions) are indicated in the first and fourth columns of the tab ‘purpose codes’ in the following document: [http://www.oecd.org/dac/financing-sustainable-development/development-standards/dacandcrscodelists.htm](http://www.oecd.org/dac/financing-sustainable-development/development-standards/dacandcrscodelists.htm)

5 Thematic target for geographic programmes (at least 15%) in delegated act.

6 For guidance, see [https://www.oecd.org/development/financing-sustainable-development/development-finance-standards/](https://www.oecd.org/development/financing-sustainable-development/development-finance-standards/) (go to “Data collection and resources for reporters”, select Addendum 2, annexes 18 (policy) and 19 (Rio) of the reporting directive). If an action is marked in the DAC form as contributing to one of the general policy objectives or to RIO principles as a principal objective or a significant objective, then this should be reflected in the logframe matrix (in the results chain and/or indicators).
<table>
<thead>
<tr>
<th>Disaster Risk Reduction</th>
<th>☒</th>
<th>☐</th>
<th>☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclusion of persons with Disabilities</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Nutrition</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>RIO Convention markers</strong></td>
<td>Not targeted</td>
<td>Significant objective</td>
<td>Principal objective</td>
</tr>
<tr>
<td>Biological diversity</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Combat desertification</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change mitigation</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change adaptation</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

### 11. Internal markers\(^7\) and Tags\(^8\)

<table>
<thead>
<tr>
<th>Policy objectives</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Principal objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digitalisation</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>Tags</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>digital connectivity</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>digital governance</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>digital entrepreneurship</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>digital skills/literacy</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>digital services</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>Connectivity</strong></td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>Tags</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>digital connectivity</td>
<td>☒</td>
<td>☐</td>
<td>☩</td>
</tr>
<tr>
<td>energy</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>transport</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>health</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>education and research</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>Migration</strong></td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>Reduction of Inequalities</strong></td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>COVID-19</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

### BUDGET INFORMATION

<table>
<thead>
<tr>
<th>12. Amounts concerned</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget line: BGUE-B2022-14.020111-C1-NEAR</td>
<td></td>
</tr>
<tr>
<td>Total estimated cost: EUR 5 000 000.00</td>
<td></td>
</tr>
<tr>
<td>Total amount of EU budget contribution EUR 5 000 000.00</td>
<td></td>
</tr>
</tbody>
</table>

### MANAGEMENT AND IMPLEMENTATION

\(^7\) These markers have a different scope/rationale than the DAC codes. They are drawn from the level of budget allocation and emphasis given to the action in terms main objective(s) selected. This section should be in line with the definition of objectives, results, activities in description of the action.

\(^8\) When a marker is Significant or Principal Objective, please also choose the relevant yes/no tag.
13. Implementation modalities (type of financing and management mode)

<table>
<thead>
<tr>
<th>Project Modality</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indirect management</strong> with the entrusted entity to be selected in accordance with the criteria set out in section 4.2.1</td>
</tr>
</tbody>
</table>

1.2. Summary of the Action

The overall objective (Impact) of this action is to contribute to reducing the **urban-rural digital gap** in the Eastern Partnership region and **support reconstruction and diversification of broadband networks**, following Russia’s war of aggression against Ukraine. The action will contribute to the joint target agreed by Eastern Partnership ( EaP ) leaders, the European Union and its Member States in the Joint Declaration of the 6th Eastern Partnership Summit in December 2021⁹ to reach at least 80% of Eastern Partnership households having access to affordable high-speed internet, with a particular focus on gender equality, bridging the urban-rural divide, and social inclusiveness.

The action will support the set-up of a regional EU4Digital project preparation facility, whose role will consist in:

1. **Supporting EaP partner countries in preparing bankable investment projects addressing broadband development needs at national and local level**;
2. **Mobilising public and private investments in broadband connectivity** for rural expansion, diversification and reconstruction of broadband networks.

The action proposes an extension to the programme ‘EU4Digital: Broadband strategies in the EaP region¹⁰’ achieved in 2020, which laid the grounds for an update of broadband strategies, legal reforms, and enhanced policy dialogue in the EaP.

This action will rely on a partnership with a selected International Financial Institution with the aim of having a catalytic effect and encouraging public-private cooperation. By supporting sustainable investments in quality infrastructure in line with the EU’s values and standards, the action will contribute to the implementation of the **Economic and Investment Plan** for the Eastern Neighbourhood in the area of broadband connectivity and its related digital flagship initiatives, and to the implementation of the **Global Gateway strategy**.

2. **RATIONALE**

2.1. Context

The EU4Digital initiative is an EU-funded umbrella initiative, which channels the EU regional support to the digital transformation of the Eastern Partnership countries. The initiative aims at extending the benefits of the Digital Single Market (DSM) to the EU’s Eastern neighbourhood countries and unlocking the potential of the digital economy and society, to bring economic growth, generate more jobs and improve people’s lives.

---

¹⁰ ENI/2018/399-031
The initiative was launched by the European Commission at the first Eastern Partnership Ministerial Meeting on the Digital Community in 2016, when six EU4Digital Regional Networks were established to support the work of the Panel on the Harmonisation of Digital Markets. Each network brings together representatives from EU Member States and from Eastern Partner countries and focuses on a key policy area for the digital transformation: 1. Telecom rules (including broadband and 5G coordination); 2. Trust and security; 3. eTrade; 4. ICT innovation; 5. eHealth; and 6. eSkills. Among these six networks, telecom rules was recognised as an area with significant potential for progress in the competition, investment and growth in the electronic communications markets of partner countries.

Several regional programmes coexist within the EU4Digital umbrella initiative, including the regional programme: EU4Digital: Broadband strategies in the EaP region\(^\text{11}\), implemented between 2018 and 2020. The programme paved the way for the development of national broadband strategies in Georgia and Moldova, while supporting other Eastern Partnership countries in improving the legal and regulatory frameworks for broadband development. The centrepiece of the EU4Digital initiative is the EU4Digital facility (2019-2022; 2022-2025), which provides technical assistance and pilots innovative solutions in key areas for the digital transformation of the region, including in the field of telecommunication rules.

The Joint Communication ‘Eastern Partnership policy beyond 2020, reinforcing resilience, an Eastern Partnership that delivers for all\(^\text{12}\)’ identifies the resilient digital transformation of the Eastern Partnership region as one of the five long-term priorities for the future of the Eastern Partnership policy. Furthermore, as stated in the Communication, a ‘modern economy based on data can only be fully realised if citizens and businesses have access to high quality electronic communications infrastructure and services at affordable prices’. This entails that the EU shall support ‘the extension of secure and very high capacity Gigabit broadband infrastructures in partner countries, in particular in remote or less densely populated areas, and to foster its use’. The Communication states that ‘work will build on the success of the policy initiative for the Harmonisation of Digital Markets in the EaP and the operational programmes launched under the EU4Digital brand’.

As stated by the March 2021 Communication on the EU Digital Compass\(^\text{13}\), which sets out four cardinal points for the EU’s trajectory to achieving the Digital Decade by 2030, broadband deployment is the backbone for a resilient digital transformation. It is not only a key lever for harnessing the potential of the digital economy but it is also necessary for developing new services in areas such as healthcare, education, public safety, energy efficiency, or e-governance. The Communication stresses that for Europe’s Digital Decade to be successful, the EU will build strong international digital partnerships matching the four pillars of the Compass, including digital connectivity infrastructure.

The July 2021 Joint Staff Working Document ‘recovery, resilience and reform: post 2020 Eastern Partnership priorities\(^\text{14}\)’ has laid out clear targets for the resilient digital transformation of partner countries, building on the areas of importance identified in the EU Digital Compass. One of the top ten targets that the EU has identified is related to broadband deployment, with having as a joint ambition that at least: 80% of households have access to affordable high-speed internet, with a particular focus on gender equality, bridging the urban-rural divide, and social inclusiveness. These targets were re-affirmed by the EaP leaders, the EU and its Member States in the Joint Declaration of the Eastern Partnership Summit ‘Recovery, resilience and reform’ on 15 December 2021\(^\text{15}\).

\(^{11}\) ENI/2018/399-031

\(^{12}\) JOIN(2020) 7 final

\(^{13}\) COM/2021/118 final – 2030 Digital Compass : the European way for the Digital Decade

\(^{14}\) SWD(2021) 186 final

\(^{15}\) 14964/21 – Joint Declaration of the Eastern Partnership Summit (Brussels, 15 December 2021)
The renewed Eastern Partnership agenda is underpinned by an ambitious Economic and Investment Plan, which has the potential to mobilise up to 1.5 billion euro of public and private investment to contribute to a resilient digital transformation, notably by developing and upgrading broadband internet infrastructure (optic fibre, mobile systems), in particular in remote and rural areas. These investments will feed into the Global Gateway strategy\textsuperscript{16}, which aims at mobilising 300 billion euro between 2021 and 2027 in order to boost ‘smart, clean and secure links in digital, energy and transport and strengthen health, education and research systems across the world’. Furthermore, broadband connectivity is critical for efforts to achieve the UN Sustainable Development Goals, providing a necessary building block in support of almost all of the 17 goals and 169 targets.

Against this context, the present action presents an extension to the programme ‘EU4Digital: Broadband strategies in the EaP region’, which was implemented between April 2018 and December 2020. The contract had the objective to support EaP partner countries in their development and early implementation of national broadband strategies, in line with relevant EU strategies, by providing technical assistance and capacity building support.

Building the results of the first phase, this action will allow to prepare for the implementation of national broadband projects to finance connectivity infrastructure and digitalisation of key services in unserved and underserved area. The ultimate goal will be to bridge the digital divide between urban and rural communities in the partner countries, and supporting reconstruction efforts, thus fostering the resilient digital transformation of the economies and societies in line with EU standards.

2.2. Problem Analysis

Short problem analysis

Broadband\textsuperscript{17} is the backbone of the digital transformation. Fast, affordable and secure broadband connectivity is a pre-requisite for socioeconomic development in today’s global and inter-connected economy. It is also essential for unlocking the economic potential of the Eastern Partnership region, where Small and Medium Sized enterprises (SMEs) represent more than 90\% of all businesses but only account for 47\% of value added\textsuperscript{18}. By accelerating communications and cross-border digital services, broadband is a key driver for the development of innovative start-ups as well as for existing businesses to grow and access new markets. Furthermore, resilient broadband connectivity enables towns, regions, and countries to develop, attract and retain businesses and institutions. In rural areas, broadband development has the potential to boost the productivity of the agriculture sector, support farmers in reaching new markets, and diversifying the supply chains for the production of agricultural commodities.

The International Telecommunication Union (ITU) demonstrated the impact of broadband deployment on the global economy: in the Eastern Partnership region, each increase of 10 per cent in fixed broadband could lead to an increase of up to 0.77 per cent in GDP per capita. Likewise, an increase of 10 per cent of mobile broadband connectivity would lead to an increase of up to 1.25 per cent in GDP per capita\textsuperscript{19}.

Internet connectivity has proved to be a crucial tool in responding to the impact of the Covid-19 pandemic and strengthening resilience of the Eastern partnership region. It proved essential for children to access online classes, for adults to find work or access key services, and for businesses to transform and adapt their business model. At the same time, the crisis has also exposed even more clearly the gaps that still

\textsuperscript{16} JOIN (2021) 30 final
\textsuperscript{17} The European Commission defines ‘broadband’ as a term applied to high-speed telecommunications systems capable of simultaneously supporting multiple information formats such as voice, high-speed data services and video services on demand.
\textsuperscript{18} OECD SME Policy Index: Eastern Partner Countries 2020 : Assessing the Implementation of the Small Business Act for Europe
\textsuperscript{19} Source: International Telecommunication Union (ITU) 2021.
exist in digital access in the EaP region. When essential services such as health, education or simply being able to continue one’s professional activity depend on connectivity, the inequalities become exacerbated.

**Russia’s war of aggression on Ukraine will have a profound impact on the internet’s future in the region.** The destruction of telecom infrastructures, rerouting of internet traffic to Russia, connectivity disruptions, interception and fraudulent use of the data exchanged in the country exacerbated the risks of the digital interdependence of the Eastern Partnership region with Russian and Russian-related internet suppliers and infrastructure. Achieving a resilient digital sovereignty will require increasing the level of investments in broadband networks, to allow diversification of access to international backbone network and greater choice in the selection of internet suppliers.

**Public-private partnerships are key for ensuring sustainability and resilience of broadband networks.** Broadband networks are characterised by passive infrastructure (ducts, cables, masts) and active equipment component implementing the technology (transponders, routers and switchers). In addition, broadband networks channel key services (internet, video-conferences, cloud computing, e-governance etc…). Therefore, any development with regard to the rolling-out of broadband connectivity requires an inclusive approach towards the choice of the infrastructure type, of the investment model and of the business model.

**Eastern Partnership countries have recognised the importance of broadband connectivity** as an essential element of their digital future. Georgia and Moldova adopted National Broadband Strategies while most of the other countries have including clear policy objectives as part of their broader ICT strategies.

**However, the region is still faced with significant digital gaps** related to coverage, capacity, and affordability, adoption of high-speed internet and diversification of the broadband networks. Addressing these issues will require increasing the level of public-private investments in all segments of the broadband value chain, targeting the supply and demand-side of broadband investments.

**Coverage**

Despite significant progress in broadband penetration since 2010, there remains important divides in access to high-speed fixed and mobile connectivity in the Eastern Partnership countries. The share of subscribers to fixed broadband subscriptions per 100 inhabitants in 2020 was far below the EU standards (36.8%), with important gaps such as in Armenia (14.52%), Azerbaijan (19%), Moldova (17%) and Ukraine (18%) in particular. If the share of mobile broadband subscriptions per 100 inhabitants was more encouraging, important disparities remained to reach the EU standards. This slow trend in broadband adoption suggests a need for further stimulation.

This divide is all the more important in rural areas, as exemplified in the figure below. In most of the cases, rural connectivity remains constrained because of limited investment creating low-capacity 'middle-mile' networks and investments are low due to a combination of factors. First, costs of building high-quality broadband infrastructure to many rural settlements are significant for private investors, and there is a perception of limited potential returns on investment. Second, the markets remain concentrated with larger internet service providers, limiting the ability of competitive and smaller service providers to connect and offer a wider, more affordable range of services.

---

20 See Annex I.
21 Fixed broadband subscriptions per 100 inhabitants in 2020. Source: International Telecommunications Union (ITU).
22 The middle-mile infrastructure connects settlements to the national network and hence to the global internet.
23 The last-mile infrastructure connects the settlements to the individual users, such as households or businesses.
Capacity

**Beyond coverage, there is a bigger divide in terms of capacity** of internet connectivity in comparison with European standards. Among Eastern Partnership countries, the average speed of broadband (both fixed and mobile) lags behind European and international standards. Interestingly, the two countries with the biggest urban-rural divide (Moldova and Ukraine), are the two countries recording the average speediest internet. However, with respectively 36.47 Mbps and 25.26 Mbps they are far from reaching the EU targets. The EU’s digital agenda sets out the objective of having all European households benefiting from an internet speed of at least 30 Mbps in 2020, with the aim of achieving the target of universal access to gigabit-level connectivity (1 Gbps per second, or 1000 Mbps) for all EU households in 2030. While 60% of EU households already had access to such speed in 2020, important gaps remain in the Eastern Partnership region. As exemplified by the figure below, a quarter to nine-tenths of households in the region were not subscribers to the fibre to the home technology (FTTH), which is the likely technology to deliver such speeds.

**Figure 2 – FTTH subscribers (% of estimated households, 2020)**

---

24 Out of 224 countries measured by a recent study, the Eastern Partnership countries ranked as follows, based on their averaged broadband network speed and in descending order: Azerbaijan, ranking 167th, Georgia ranking 112th, Armenia 101st, Ukraine 77th, and Moldova 63rd. Source: [https://www.cable.co.uk/broadband/speed/worldwide-speed-league/](https://www.cable.co.uk/broadband/speed/worldwide-speed-league/)


26 Source: TeleGeography. Figure provided by the World Bank as part of the EU-funded contract ENI/2018/399-031 ‘EU4Digital: Broadband strategies in the EaP region’.
The World Bank estimates that between EUR 4 to 14 billion in investments would be needed to reach a 100% fibre coverage across the region. These investments will also help prepare for the introduction of 5G networks, the other technology capable of delivering gigabit-level speed, thus unlocking the potential of high-speed mobile transmissions in all areas of the economy and society.

Affordability
Besides guaranteeing country-wide access, governments have to ensure the affordability of networks and services, including in rural areas. Indeed, even where Internet services are available, consumers in rural areas complain of limited choice of plans and lower-than-advertised speeds, implying that they are in effect paying more per unit than consumers in larger cities. This has created a counterproductive cycle of low supply in response to perceived low demand, keeping access to digital opportunities unequal between cities and the rest of the country.\(^{27}\)

Likewise, from a national perspective, tariffs expressed as percentage of gross national income (GNI) per capita show that fixed broadband remains less affordable in the Eastern Partnership countries than in EU countries. The International Telecommunications Union has set an international affordability target of 2% of gross national income (GNI), at or below which an internet connection is deemed affordable. In fact, while EaP countries have reached the target for mobile broadband, fixed broadband is still above 2% of GNI in three countries (Armenia, Georgia, Moldova), which could partially explain its lower uptake compared to mobile broadband.\(^{28}\)

Adoption
There is also a significant divide in adoption, where those with coverage may not use the internet due to lack of affordability or digital skills. Information and Communication Technology (ICT) skills are a prerequisite to unlock the opportunities of benefitting from high-speed internet and the level of basic ICT skills in the EaP region lags behind the EU standards, with countries such as Ukraine or Georgia having respectively 24% and 29% of their population having basic ITC skills in 2021.\(^{29}\)

Diversification
Finally, the Russian war of aggression against Ukraine has sharply exposed the risks of the over-reliance of Eastern Partnership countries on high-risk internet suppliers in terms of access to the networks and cyber-security threats. Investing in secure and high-speed broadband connectivity will be a priority for the reconstruction of Ukraine and for strengthening the digital sovereignty of partner

---

\(^{27}\) As per the analysis made by the World Bank as part of the EU-funded contract ENI/2018/399-031 ‘EU4Digital: Broadband strategies in the EaP region’.

\(^{28}\) As per the analysis made by the OECD in the context of the EU-funded programme EU4:Business: From policies to actions, phase II.

\(^{29}\) Source: ICT skills, ITU facts and figures 2021.
In the case of Ukraine, the action will contribute to the objectives of the ‘RebuildUkraine’ facility, the new EU-funded instrument specifically dedicated to finance the reconstruction effort, including in strategic digital infrastructure. Further investments in broadband infrastructure should also be an opportunity to reduce the carbon footprint of pre-existing networks.

To address these challenges, and based on the results of the programme ENI/2018/399-031 ‘EU4Digital: Broadband strategies in the EaP region’ achieved in 2020, the present action should encompass:

1. **Supporting EaP partner countries in preparing bankable investment projects addressing broadband development needs at national and local level;**

2. **Mobilising public and private investments in broadband connectivity** for rural expansion, diversification and reconstruction of broadband networks.

The present action will focus on preparing concrete bankable projects to bridge the digital divides in the Eastern Partnership region. These projects could be financed by the International Financial Institutions (IFIs) active in the EaP (jointly or in parallel) and be implemented by the EaP countries.

The findings of the first phase of **EU4Digital: broadband strategies** suggest that an emphasis on the public-private cooperation is critical for advancing the digital inclusion agenda, and that boosting competition among suppliers and stimulating demand from end-users are pre-requisites to bridge the connectivity gaps.

The action will aim at mobilising investments in all **three layers of the broadband value chain, both on the supply and demand side** (see figure below). These three layers are the first-mile or backbone network connecting a country to the global internet; the middle-mile or backhaul connecting it to settlements; and the last-mile connectivity, which links it to the end users (households, businesses or public institutions).

![Figure 3 – Broadband value chain](image)

The action will build on lessons learned in the context of similar EU-funded projects in Europe such as the **Connected Communities initiative** (2015-2019), which notably benefited from the **Connecting Europe Broadband Fund** as an investment platform combining private and public commitments. The action will also complement recent initiatives in the Eastern Partnership region such as the **Log-In and Open-Net initiatives** in Georgia, which rely on an agreement between the World Bank and the European Investment Bank.

---

30 COM(2022) 233 final – Communication on Ukraine Relief and Reconstruction.
31 EIB, EBRD, WBG. Other International and National development banks may also be involved, where feasible.
32 As per the World Bank’s analysis in the context of the EU-funded programme ENI/2018/399-031 ‘EU4Digital: broadband strategies in the Eastern Partnership region’.
Bank to invest in fast internet connection for rural Georgia and for supporting the implementation of the National Broadband Development Strategy 2020-2025. Expertise will be derived from complementary EU-funded initiatives such as the EU4Digital Ukraine programme (2020-2024)\textsuperscript{34}.

Main stakeholders
Partner countries’ responsible authorities were consulted in preparation for the action, which resulted in a draft list of potential investment projects which could be supported by the action. The main stakeholders to be involved in this action are:

- Partner countries’ ministries and services responsible for digital transformation, digital economy and society;
- Other relevant partner countries’ administrations (ministries of economy, infrastructure) and agencies responsible for innovation or business support, and when relevant local authorities and municipalities.
- European Union Delegations.
- European and International Financial Institutions. Private sector telecom operators and relevant private sector actors responsible for broadband deployment.

\textsuperscript{34} https://eu4digitalua.eu/en/
2.3. Lessons Learned

This action will build on the findings and lessons learned of the programme ENI/2018/399-031 ‘EU4Digital: Broadband strategies in the EaP region’ (2018-2020), as well as on the lessons learned in related programmes of the EU4Digital umbrella initiative such as the EU4Digital facility. The action will also take into consideration the needs identified by the network of Eastern Partnership Regulators for electronic communications (EaPeReg), and the EU4Digital thematic network on telecommunication rules.

The list below summarizes key recommendations that the action will follow:

- Closely involve EU Delegations in all implementation stages of the action, including with regard to the selection of the projects to be prepared by national governments;
- Prepare projects in a transparent manner and closely coordinate with European and International Financial Institutions, such as the European Investment Bank, the European Bank for Reconstruction and Development and the International Bank for Reconstruction and Development. Align with other programmes of the EU4Digital umbrella, including the EU4Digital facility, which is the centrepiece of the broader EU4Digital umbrella initiative, within which this programme would be located;
- Assess the relevance of setting up country teams to ensure tailor-made assistance and sound coordination for the diverse stakeholders (public and private entities);

The action will draw on the best practice identified as part of European and international standards for investments in broadband connectivity. This will include the EU Guide to High-Speed Broadband Investment\(^\text{35}\), the EU Broadband handbook: ‘Facing the challenges of broadband deployment in rural and remote areas\(^\text{36}\), the OECD recommendations for Broadband Connectivity\(^\text{37}\) or the World Bank handbook on innovative business models for expanding fibre-optic networks and closing the access gaps\(^\text{38}\).

As regards the modalities of support to the national broadband projects, the action will also build on the recommendations developed in the context of the implementation of similar projects, such as the Connected Community Initiative (2015-2019)\(^\text{39}\), launched by the European Commission and implemented by the World Bank. The initiative supported rural communities within the European Union in building their business and financial cases to channel private and public funds into important broadband deployment projects. With a budget of only EUR 1 million, the initiative unlocked approximately EUR 134 million in ten communities in Europe\(^\text{40}\). In particular, the experience of the Connected Communities initiative demonstrated that several factors must be taken into account for successful broadband project finance in rural areas such as:

- Private financing requires profitable business models to finance broadband infrastructure in rural areas. When investing in underserved areas, the private sector needs innovative incentives to invest, and this implies stimulating the demand for high-speed internet. Innovative actions such as providing internet vouchers or organizing communication campaigns to promote the benefits of subscribing to high-speed broadband for households and businesses can be considered;
- Private equity funds and local development banks can play an important role in the case of projects targeted at bridging the urban-rural divide;
- Risk and infrastructure sharing: leveraging existing infrastructure (e.g. ducts, power lines) or sharing fibre optic infrastructure and rights of way over non-telecom infrastructure networks such as roads, highways, and power lines can drastically reduce the overall cost of broadband network deployment, thereby improving its commercial prospects. This point will be of importance in the context of the reconstruction process in Ukraine, by aligning reconstruction of digital and physical highways.

\(^{35}\) Broadband Investment Guide | Shaping Europe’s digital future (europa.eu)
\(^{36}\) The Broadband Handbook: ‘Facing the challenges of broadband deployment in rural and remote areas’ | Shaping Europe’s digital future (europa.eu)
3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to contribute to reducing the urban-rural digital gap in the Eastern Partnership region and support reconstruction efforts, following Russia’s war of aggression on Ukraine. The action will aim at setting up a Project Preparation Facility (PPF) for strengthening investments in broadband connectivity in Eastern Partnership countries.

The Specific(s) Objective(s) (Outcomes) of this action are to

1. Support EaP partner countries in preparing bankable investment projects addressing specific broadband development needs at national and local level;
2. Support partner countries in mobilising private financing and engage with IFIs in a transparent manner to mobilise joint or parallel financing for the prepared projects.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are

1.1 contributing to Outcome 1 (or Specific Objective 1): National broadband projects are developed addressing country-specific priorities;
2.1 contributing to Outcome 2 (or Specific Objective 2): Regional and international connectivity in the Eastern Partnership region is strengthened;
3.1 contributing to Outcome 2 (or Specific Objective 3): Investments in broadband connectivity are mobilised following a policy-driven approach, in line with the objectives of the Economic and Investment Plan for the region.

3.2. Indicative Activities

The following indicative activities are anticipated in relation to the proposed projects outputs:

Activities related to Output 1.1:
- Carrying out feasibility and project preparation studies to identify possible financing, implementation and business models for public and private sector financed interventions in broadband development, including environmental and societal assessments, and potential linkages with 5G deployment;
- Facilitating the set-up of ‘Project Implementation Units’ (PIU) in partner countries and preparing terms of references for public-private financing schemes;
- Identifying and sequencing enabling environment reforms supporting the investments in close consultation with EU Delegations, national stakeholders and implementing partners of EU-funded related initiatives.

Activities related to Output 2.1:
- Preparation of at least one economic assessment for the development of a regional and international interconnectivity project in the Eastern Partnership region;
- Assisting with all feasibility and structuring assistance steps highlighted under Output 1, to assess maturity of the regional project and its socio-economic implications.

38 https://openknowledge.worldbank.org/handle/10986/31072
39 Connected Communities Initiative | Bâtir l’avenir numérique de l’Europe (europa.eu)
41 From section 3 onwards, no cross-references should be made with sections 1 and 2, because sections 1 and 2 are not included in the Technical and Administrative Provisions of the future Financing Agreement.
Activities related to Output 3.1:
- Communicating and ensuring transparency on the preparation of projects for participation of European and International Financial Institutions;
- Ensuring close coordination with national stakeholders, EU Delegations, European and International Financial Institutions to promote the uptake of related projects, including by the organisation of roundtables or outreach meetings with relevant stakeholders.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

The internet and ICT technologies, for which broadband is a key enabler, are widely recognised as drivers for a resilient green transition and key tools for the EU to become climate neutral by 2050, the goal set by the European Green Deal. As stressed in the EU Communication ‘Shaping Europe’s digital future’, digital technologies could help reduce global emissions by up to 15%. As stated in the EU Communication on the EU Green Deal, the EU should promote and invest in the necessary digital transformation and tools as these are essential enablers of the green transition. In addition, the use of digital technology to fight climate change and environmental challenges was identified by the EU Communication on the Digital Compass as one of the key areas for international partnerships and for further investments for the Digital Transformation.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. In line with the Gender Action Plan III and the Joint Declaration of the EaP Brussels Summit on 15 December 2021, women’s entrepreneurship must be encouraged and almost all EU investments as part of the renewed agenda for the Eastern Partnership region will have an important gender equality objective. The national broadband projects to be developed as a result of this action will be key enablers for initiatives aimed at using new technologies to empower women and increasing the share of women in Science, Technology, Engineering and Mathematics (STEM). In doing so, the project will contribute to synergies with regional programmes such as the EU4Digital facility or country-specific programmes such as EU4Sustainable Economic Development targeted at Georgia. Furthermore, promoting women’s equal access to digital technologies can accelerate progress on gender equality and women’s empowerment in areas such as education, employment and entrepreneurship.

Human Rights

Human rights are not directly supported under this project. However, as stated in the EU Communication on the Digital Compass: ‘Digitalisation can become a decisive enabler of rights and freedoms, allowing people to reach out beyond specific territories, social positions or community groups, and opening new possibilities to learn, have fun, work, explore and fulfil one’s ambitions’, irrespective of geographical distance.

The activities under this action will be implemented following a rights-based approach, with a view to respect all human rights and fundamental freedoms. This carries particular relevance for people in vulnerable and disadvantaged situations, those living in rural areas, and those whose rights may be under threat from being infringed upon through digital technologies or the non-respect of digital fundamental rights and data protections. Efforts will be made to promote accessibility, equality, environmental sustainability and climate change adaptation as well as to identify opportunities where digital transformation can support change in these areas.

42 JOIN(2020) 17 final – EU Gender Action Plan III, an ambitious agenda for gender equality and women empowerment in EU external action
43 COM/2021/118 final
**Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the Action does not specifically target the inclusion of persons with disabilities. However, this action will encourage greater access to the internet, which facilitates people with disabilities accessing key services and participating in the economic and social life, regardless of distance, geographic locations and gender, including in rural and remote areas. As stated by the EU Communication on the Digital Compass, the European vision for its path to the digital transformation by 2030 is a digital society where no-one is left behind, and this action will contribute to extend this objective to the Eastern Partnership region.

**Democracy**

The consolidation of Democracy is not directly targeted by this project. However, particular attention will be given to the development of resilient and cyber-secure broadband networks as well as diversification of international connectivity and national backbone routes to mitigate the significant dependence of the region on Russia for access to global international connectivity networks. In that sense, the action will contribute to prevent cyber-threats, disinformation, and censorship, which can impede democratic processes.

**Conflict sensitivity, peace and resilience**

The project aims at developing bankable investment projects in the field of broadband connectivity. In doing so, the project will encourage diversification of broadband supply chains, reduce dependence on high-risk internet suppliers. In addition, the roll-out of broadband connectivity will create economic opportunities in underserved areas and ensure equal opportunities for minority groups and women, thus reinforcing resilience of the region.

**Disaster Risk Reduction**

Not targeted.

### 3.4. Risks and Assumptions

<table>
<thead>
<tr>
<th>Category</th>
<th>Risks</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – External</td>
<td>The Russian war of aggression against Ukraine and geopolitical tensions in the Eastern neighbourhood might impede the implementation of national broadband projects.</td>
<td>High</td>
<td>High</td>
<td>The EU will continue to provide support to the partner countries over the implementation of this project but will ensure that operations are adapted to the evolving situation. The action will contribute to reducing the reliance of Eastern partner countries on high-risk backbone internet infrastructure and will support the partners in reaching global and European internet exchange points, thus diversifying their internet access.</td>
</tr>
<tr>
<td>Environment</td>
<td>Political and macro-economic instability preventing a regional focus on broadband</td>
<td>High</td>
<td>High</td>
<td>With the exception of Belarus (not covered by this action) and Ukraine (where efforts will focus on the reconstruction process and response to the Russian war), political and macroeconomic instability in</td>
</tr>
<tr>
<td>2 – Risk to planning, processes and systems</td>
<td>Lack of progress in broadband strategies, policies and regulatory measures</td>
<td>M</td>
<td>M</td>
<td></td>
</tr>
</tbody>
</table>

Besides Georgia and Moldova which have a dedicated broadband strategy, the other Eastern Partnership countries have clear targets related to broadband connectivity as part of their broader ICT plans. The EU, through this action and through the EU4Digital facility, will continue to encourage alignment of telecommunication rules with EU standards, including the sound independence of partner countries’ regulators.

| 3 – Risk related to people and organisation | Insufficient capacities of the beneficiary institutions in charge of digital infrastructure | L | M |

The action will provide tailor-made assistance to EaP governments, encourage and facilitate the development of project implementation units responsible for managing the projects. The action will provide technical assistance in the form of studies and assessments, as well as documentation related to the project preparation, including economic and financial analysis, environmental and social assessments. The action will work in synergy with EU peer-learning tools such as the Technical Assistance and Information Exchange (TAIEX) Instrument, to facilitate the sharing of EU best-practice and deliver tailor-made expertise related to broadband deployment.

| 3 – Risk related to people and organisation | Insufficient demand for high-speed internet in rural areas | L | M |

The action will contribute to the preparation of national broadband projects in all segments of the broadband value chain, including the last-mile connectivity, where demand for broadband internet is primarily governed by awareness, affordability and effectiveness. The action will support governments interested in rolling out broadband connectivity in rural areas in putting in place voucher programmes for broadband connectivity adoption, promotion campaigns on the benefits of high-speed digital connectivity and digital literacy programmes, among others.

**External Assumptions**

- Factors outside the project’s control that may affect the outcome-impact linkage, such as continued political, social and economic stability in the region, are favourable for implementation;
- The security situation in Ukraine improves and the overall political situation of the region does not pose major obstacles to the completion of the outputs.
- Beneficiary countries are fully collaborating.
- Interest and commitment of the parties is maintained, adapted and developed throughout the evolution of the project.

3.5. Intervention Logic

The underlying intervention logic for this action is that there is a need to stimulate competition and public-private partnerships to reduce the **urban-rural digital gap** in the Eastern Partnership region and **support reconstruction and diversification of broadband networks following Russia’s war of aggression on Ukraine**.

The action will aim at establishing an **Eastern Partnership Project Preparation Facility** with a lifetime of 48 months to support EaP governments in preparing bankable (investment-ready) projects addressing country-specific broadband development needs in the region. The implementing partner will provide tailor-made technical assistance and will help set up **national project implementation units** responsible for implementing the projects.

The implementing partner will produce studies and market assessments to identify possible financing, implementation and business models for the projects, through the three following indicative phases of technical assistance depending on their level of maturity:

Phase 1 will include overall project scoping and pre-appraisal;

Phase 2 will consist of a full broadband infrastructure project appraisal including:
- Assessing institutional capacity and risk environment,
- Setting up the selected project’s overall timeline and key milestones to project completion,
- Assessing demand from the end users (households, businesses, public institutions) for services deriving from the broadband infrastructure;
- Mapping pre-existing and planned infrastructure;
- Preparing documents required to finance applications including choice of the business model, financing and business plan;
- Preparing financing plan that includes projected costs and revenues for the first years of the projects’ rollout, and anticipated funding needs;

Phase 3 will focus on financing the projects through transaction advisory and investor outreach:
- Preparing legal study/advice on issues such as procurement of broadband suppliers and engagement with internet service suppliers;
- Advising on financial structures, design of public-private partnership models and providing support for outreach to European and International Financial Institutions.

The focus will be on how to mobilise private capital and investments in first-mile, middle-mile and last-mile connectivity, with a focus on addressing both the demand and supply side, depending on the partner countries’ priorities. The World Bank has estimated that the total value of at least four national bankable projects in the region will be to the tune of approximately EUR 450 million, which can be leveraged to mobilise private sector investment at a 1:5 ratio (excluding policy and demand-side interventions), cumulatively mobilising up to EUR 2.5 billion of public and private finance.

Projects will be co-financed through sovereign loans from European and International Financial Institutions (IFIs) active in the region. They will be responsible for project supervision.

The public-private financing models of the national broadband projects will be adjusted to their objectives, following best practice such as in the context of similar EU-funded projects in Europe such as the **Connected**
Communities initiative (2015-2019)\textsuperscript{44}, which notably benefited from the Connecting Europe Broadband Fund as an investment platform combining private and public commitments\textsuperscript{45}. The projects would be designed to mobilise private capital and would only partially rely on public financing. As an example, the projects targeting the urban-rural divide could encompass a national grant scheme. Recipients of the grants (subsidies) would be eligible internet service providers (ISPs) which are committed to develop broadband networks and services in rural areas. The eligible expenditure would be capital investments required to connect the community. Such scheme would seek to leverage private capital to the maximum extent. The National grant schemes would be managed by the project implementation units (PIUs) set up for project implementation. IFIs financing the project would be supervising implementation.

If the Project Preparation Facility will prove successful. The results of the present action could help create a blended facility inviting other bilateral and multilateral donors to join.


### 3.6. Indicative Logical Framework Matrix

<table>
<thead>
<tr>
<th>Results</th>
<th>Results chain: Main expected results</th>
<th>Indicators</th>
<th>Baselines (values and years)</th>
<th>Targets (values and years)</th>
<th>Sources of data</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact</td>
<td>1. To reduce the urban-rural digital gap in the Eastern Partnership region and support reconstruction and diversification of broadband networks following Russia’s war of aggression on Ukraine.</td>
<td>1. Percentage of households having access to broadband (coverage)</td>
<td>1. 77% (2020)</td>
<td>1. 90% (2027)</td>
<td>For all targets Programme report.</td>
<td>Not applicable</td>
</tr>
<tr>
<td></td>
<td>2. Percentage of rural households having access to broadband.</td>
<td>2. 64.74% (2020)</td>
<td>2. At least 85% (2027)</td>
<td></td>
<td>Most recent open-source data collected by relevant international organisations such as ITU (2021).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Percentage of women reporting regular use of the internet (at least once a week)</td>
<td>3. 76% (2020)</td>
<td>3. At least 85%</td>
<td></td>
<td>Reports produced during the first phase of the programme (EU4Digital: Broadband strategies in the EaP region ENI/2018/399-031) or ongoing complementary initiatives, such as ‘EU4Business: From policies to actions, phase II’, ENI/2020/421-307.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Percentage of public institutions connected to broadband (broken down by education institutions, health institutions, administrations, other)</td>
<td>4. Baseline to be defined during the implementation of the programme.</td>
<td>4. At least 95% (2027)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Percentage of businesses connected to broadband</td>
<td>5. Idem.</td>
<td>5. At least 95%, total of small, medium and large firms (2027)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. Number of new investment projects for digital infrastructure complying with the EU cyber-security framework</td>
<td>6. 0</td>
<td>6. At least 5, matching the national and regional investment projects to be prepared by 2027</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Baseline values cover five EaP countries: Armenia, Azerbaijan, Georgia, Moldova, Ukraine. Source: ITU.
| Outcome 1 | 1. Partner countries are supported in preparing national bankable investment projects addressing specific broadband development needs | 1.1 Number of national broadband projects to be developed  
2.1 Number of regional or international broadband connectivity project complying with EU standards of open-access and cyber-security | 1.1 0  
2.1 N/A, in the absence of relevant benchmark in the field | 1.1 Minimum 4 national and 1 international broadband projects are developed.  
2.1 Min. 4 based on the number of projects developed. | 1.1 & 2.1 Programme report. EU Delegation’s websites, partner countries’ national governments website, press, European and International Financial Institutions’ websites, official EU documents, etc. | Interest and commitment of the parties is maintained, adapted and developed throughout the evolution of the project. Beneficiary countries fully collaborating and the political situation in the region does not pose major obstacles to the completion of the outputs. |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome 2</td>
<td>2. Partner countries are supported in mobilising private finance and engaging with IFIs in a transparent manner to mobilise joint or parallel financing for the prepared projects.</td>
<td>2.1 Number of new public-private broadband projects developed by the programme, financially supported by a European and International Financial Institution.</td>
<td>2.1 N/A</td>
<td>2.1 Min. 4 based on the number of projects developed.</td>
<td>2.1 EU Delegation’s websites, partner countries’ national governments website, press, European and International Financial Institutions’ websites, official EU documents, etc.</td>
<td>Idem</td>
</tr>
</tbody>
</table>
| Output 1 related to Outcome 1 | 1.1 National broadband projects are developed | 1.1.1 Number of feasibility studies for national broadband projects, including economic and social impact, action plans, financing and business models  
1.1.2 Number of Broadband Project Implementation Units set up | 1.1.1 N/A  
1.1.2 N/A | 1.1.1 Min. 4  
1.1.2 Min. 4 depending on partner countries’ willingness to set them up. | 1.1.1 & 1.1.2 Programme report. EU Delegation’s websites, partner countries’ national governments website, press, European and International Financial Institutions’ websites, official EU documents, etc. | Idem |
<p>| Output 2 | 2.1 Regional and international | 2.1.1 Number of feasibility studies for regional and | 2.1.1 N/A | 2.1.1 Min. 1 | Idem | Idem |</p>
<table>
<thead>
<tr>
<th>related to Outcome 2</th>
<th>connectivity strengthened international broadband projects, including economic and social impact, action plans, financing and business models</th>
</tr>
</thead>
</table>

| Output 3 related to Outcome 2 | 3.2 Investments in broadband connectivity are mobilised following a policy-driven approach, in line with the objectives of the Economic and Investment Plan for the region. | 3.2.1 Number of roundtables and dissemination events involving European and International Financial Institutions | 3.2.1 N/A | 3.2.1 Min. 1 per project prepared over the course of the action. | Idem | Idem |
4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

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

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 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.

4.2.1. Indirect Management with a pillar-assessed entity

This action may be implemented in indirect management with a pillar assessed entity. This implementation entails carrying out activities identified in section 3.

The envisaged entity will be selected based on grounds of its specific technical competencies and knowledge based on the following specific criteria:

- Excellent logistical and management capacity (human resources, organisational set-up, etc.);
- Proven long-term and diverse experience, established procedures and tools for channelling assistance in a sustainable manner as evidenced by achievements within previous similar actions/projects;
- Sound knowledge of the Eastern Partnership countries and the regional context;
- Reputation and credibility among beneficiaries;
- Positive track record of promoting EU visibility when working with the EU and/or its Member States in the Eastern Partnership countries context.

In addition, the entrusted entity must have experience in mobilising private capital and in working in partnership with European and International Financial Institutions.

4.2.2. Changes from indirect to direct management mode due to exceptional circumstances

Due to circumstances outside of the Commission’s control or in case no compliant pillar assessed entity can be identified, the alternative preferred implementation modality to indirect management will be direct management, by the means of procurement. The procurement shall contribute to achieving all objectives identified in Chapter 3 of this Action Document.

4.3. 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

---

47 The signature of a contribution agreement with the chosen entity is subject to the completion of the necessary pillar assessment.
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).

4.4. Indicative Budget

<table>
<thead>
<tr>
<th>Indicative Budget components</th>
<th>EU contribution (amount in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect management with an entrusted entity, c.f. section 4.2.1</td>
<td>5 000 000.00</td>
</tr>
<tr>
<td>Objective 1 composed of</td>
<td>4 000 000</td>
</tr>
<tr>
<td>Indirect management with an entrusted entity, c.f. section 4.2.1</td>
<td>N.A.</td>
</tr>
<tr>
<td>Objective 2 composed of</td>
<td>1 000 000</td>
</tr>
<tr>
<td>Indirect management with an entrusted entity, c.f. section 4.2.1</td>
<td>N.A.</td>
</tr>
<tr>
<td>Evaluation – cf. section 5.2</td>
<td>will be covered by another decision</td>
</tr>
<tr>
<td>Audit – cf. section 5.3</td>
<td>N.A.</td>
</tr>
<tr>
<td>Communication and visibility – cf. section 6</td>
<td>N.A.</td>
</tr>
<tr>
<td>Contingencies</td>
<td>0</td>
</tr>
<tr>
<td>Totals</td>
<td>5 000 000.00</td>
</tr>
</tbody>
</table>

4.5. Organisational Set-up and Responsibilities

The responsibility of the project lies with the Commission. The steering of the project will be led by DG NEAR.

A Steering Committee will be led by the Commission services (DG NEAR) for reviewing the results of the project and guide the way forward with key stakeholders from the Eastern Partner countries, EU Delegations and partner Financial Institutions. The Steering Committee shall meet bi-annually.

Regular project management meetings (at least twice per year) will be hold by DG NEAR. A permanent office can be envisaged in each EaP partner country to directly support the implementation of the programme.

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.

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 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 Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

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

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

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the complexity and the various topics covered by the action.

The Commission shall inform the implementing partner at least 3 months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

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

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the Communication and Visibility Requirements of 2018 (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and delegation agreements.

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 the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. 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.