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|  | <b>Indirect management</b> with the entity (ies) to be selected in accordance with the criteria set out in section 4.4.2. |
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## 1.2 Summary of the Action

The proposed Action will boost the provision of on-grid and off-grid renewable energy solutions to households and Micro, Small Medium Enterprises (MSMEs) through the adoption of a market-based approach to strengthen productivity and economic growth. Specifically, the Action aims at supporting the development of food value chains by facilitating investments in affordable, clean, and modern energy and in climate adaptation solutions, which, if implemented well, should lead to substantial progress on SDG 7 (Ensure access to affordable, reliable, sustainable, and modern energy). To achieve this, the Action will support the financing of private sector investments which can spur green economic development, together with relevant advisory services, technical assistance and training on renewable energy, agro-ecological approaches and nature-based solutions.

The financing will be designed to catalyse systemic and sustainable changes in market systems and de-risk investment opportunities. The financial support to the private sector will be complemented by the provision of TVET programmes related to renewable energy and green skills. The intervention will seek to consolidate established collaboration with EU MS, with a view to scale-up the proposed Action with additional funding from EU MS. Given the very large investment needs across the country, the Action will also address some of the key challenges to development finance institutions (DFIs) investments in Somalia in the medium term and emphasise on the investment opportunities in Somalia in green energy. Preferred value chains for the Action will be livestock, sesame, and fisheries, although additional value chains in the circular economy could be considered. The action is aligned with Priority Area 2 (Inclusive and green economic growth) and Priority Area 3 (Resilience building and social inclusion) of the MIP, and is a key component of the TEI on the EU Green Deal in Somalia and a contribution to the Great Green Wall Initiative Accelerator, namely its Pillar 1 (Green value chains and farmers' support) and Pillar 3 (Climate resilience and renewable energy).

In summary, the activities of the action will be implemented in support of the EU Global Gateway (GG) Strategy. Specific priorities of the GG will be supported to realize achievement of the specific objectives of the action in the areas of accelerating the green transition, that is, increasing access to affordable, reliable, sustainable energy (green); supporting market integration; accelerating sustainable growth and decent job creation by supporting sustainable Somali agri-food systems; creating a conducive environment for sustainable private investments; enhancing investments in support of green energy production that supports agri-food and fish processing; facilitating innovation; and boosting improved nutrition.

## 2 RATIONALE

### 2.1 Context

Somalia's electricity power sector is severely underdeveloped due to years of conflict and political instability after the State collapsed in 1991, distribution infrastructure is fragmented and unreliable, losses are high at around 40 % compared to the Sub-Saharan Africa average of 11 %, and overall only 9% of the population has electricity access in rural areas and 63% in urban areas<sup>1</sup>. The main source of energy is completely dominated in rural and peri-urban areas by locally available charcoal and firewood, thereby leading to destruction of the vegetative cover, one of the most acute environmental problems faced by the country, and GHG emissions. Protection of the vegetative cover will also be important to adapt to Climate Change,

The National Adaptation Programme of Action (NAPA) is a first step toward articulating and implementing a nationwide strategy that addresses the impacts of climate change across Somalia. The overarching vision set out

<sup>1</sup> Somalia. (2020, February 17). Lighting Africa. <https://www.lightingafrica.org/country/somalia-2/>