

**MEMORANDUM TO THE DCI COMMITTEE  
CONCERNING THE**

**Annual action programme in favour of Cuba for 2018 - 2019 part I, to be financed  
from the general budget of the Union**

**1. Identification**

Budget heading	21 02 01 00 Cooperation with Latin America
Total cost	EUR 20,150,000 of EU contribution Action 1: “ <b>Strategic Support to Sustainable Food Security in Cuba</b> ” - EUR 19,650,000 Action 2: “ <b>Support measures for Cuba II</b> ” - EUR 500,000
Basic act	Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action <sup>1</sup> , and in particular Article 2(1) and Article 3(3)

**1. Country background**

The toughening of the USA position on Cuba, the weakening of trade relations with key partners like Venezuela, Brazil and China and the impact of hurricane Irma have been compounding a situation of high trade deficit (some USD 8 billion), public budget deficit (around average 12% in the last five years), a very low rate of foreign direct investment (FDI) (less than 5% of GDP), growing (yet unmeasured) inequity, mainly because of a flourishing "Cuban dollar" informal market. Also, the impending monetary reunification is one major challenge for the Cuban planned and centralised economy. Such panorama is coupled with a political transition in 2018 resulting in a new congress, and a new President, Diaz Canel, in power since April.

In this context, the current objective of the Cuban Government is to reach macroeconomic stability, sustainably boost domestic production and reduce dependency on foreign imports (mainly energy and food), while preserving the “social gains of the revolution”, in particular in education and health.

Cuba has embarked on a significant (although not linear) process of economic modernisation under the impulse of President Raul Castro, progressively opening the way to a more market-oriented approach within a centrally planned economy and to greater participation of new economic actors. This process of modernisation of the economic model took off in 2008 in the agriculture sector. At the end of 2010, some economic activities became eligible for self-employment and the reorganisation and modernisation of the public sector started. In a participatory process, a comprehensive package of economic reforms was outlined in a strategic medium term paper called “*Guidelines of Economic and Social Policy*” (*Lineamientos*), approved

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<sup>1</sup> OJ L 77, 15.3.2014, p. 95.

by the Party Congress in April 2011, endorsed by the National Assembly in August 2011; and updated in August 2016.

The EU is accompanying the implementation of the *Lineamientos* in Cuba.

## 2. Summary of the action programme

The Action programme has two components: “**Strategic Support to Sustainable Food Security in Cuba**” (EUR 19.65 million<sup>2</sup>), which represents the programme of the first sector of concentration of 2014-2020 EU–Cuba Multiannual Indicative Programme (MIP) and “**Support Measures for Cuba II**” (EUR 0.5 million) which represents the balance to be committed under 2014-2020 EU-Cuba Multiannual Indicative Programme.

### 1) Background

Cuba still imports around 80% of the food consumed, in particular for the Cuban National Food Programme, which provides 50% of nutritional requirements to the 11 million Cubans through the ration card, food prices subsidies and other social programmes, costing the country some USD 2 billion/year (15% of total imports value). Moreover, what has become evident in Cuba is that the challenge with sustaining food production is not just socio-economic but also environmental and climatic. In addition to environmental degradation because of past intensive agriculture practices, Cuba faces great risks of natural disasters due to extreme climate events like hurricanes, in addition to climate change effects, such as severe droughts, which also bear high environmental as well as social and economic costs. This background explains the focus of the Action “Strategic Support to Sustainable Food Security in Cuba”.

Furthermore, key horizontal issues need to be reinforced with the mobilisation of the second instalment of “Support Measures for Cuba”, such as culture, health-triangular cooperation, environment and climate change, gender equality and women empowerment (linked to the implementation of the Gender Action Plan -GAP), children and youth and civil society (elaboration and implementation of the *Roadmap for engaging with civil society*), among others, paving the way for future MIP preparation, or any other area of interest for the EU. This Action may also include capacity building activities for the Ministry of Trade and Foreign Investment (MINCEX), the entity that coordinates the international cooperation in Cuba, in order to strengthen their capacities on the different implementation modalities and other related issues and improve our dialogue on cooperation for the next MIP.

### 2) Cooperation/ related policy of beneficiary country

This AAP supports the implementation of the *Lineamientos*, as well as of the National plan of social and economic development (PNDES) until 2030, the national plans for climate change adaptation and environmental protection and Cuba Nationally Determined Contributions. It responds to the New EU Consensus on Development and the UN Sustainable Development Goals until 2030 (SDGs), reiterating the need to fight against climate change adverse effects, poverty, unsustainable consumption and production, and better considering the way to distribute wealth for an inclusive economic development.

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<sup>2</sup> The initial amount was EUR 21 million however, in 2017, a top up of EUR 1.35 million of current ongoing programme “*Bases Ambientales para la sostenibilidad alimentaria local*” (BASAL, LA/2016/039-408) implemented under 2011-2013 MIP, was decided and was financed from 2014-2020 MIP first sector of concentration, hence the balance of EUR19.65 million

### 3) Coherence with the programming documents

This AAP is fully in line with EU policy priorities in Cuba, as set in the 2014-2020 MIP. It enables the full commitment of the first sector of concentration (EUR 19.65 million) and of the second tranche (EUR 0.5 million) of the Support measures for Cuba (EUR 1 million).

In addition, the Political Dialogue and Cooperation Agreement (PDCA), the first EU-Cuba bilateral agreement, provisionally into force since 2017, enables reinforced cooperation in sustainable and innovative agriculture, climate change and environment issues as well as related policy dialogue.

### 4) Identified actions

The overall objective of “**Strategic Support to Sustainable Food Security in Cuba**” is to enhance the quality food production to meet local demand. The specific objective of the Action is to implement innovative, environmental and climate-resilient approaches to increase local food production

The purpose of the "**Support Measures for Cuba II**" is to contribute to a more effective and efficient implementation of EU cooperation activities, ensuring that EU-funded actions achieve maximum results, impact and visibility; and to strengthen the dialogue with the partner country on the main sectors and horizontal issues of our cooperation. The aim is to improve sectoral knowledge by the EU and Cuban counterparts and the provision of technical support to new Actions during the whole project cycle.

### 5) Expected results

The expected results of “**Strategic Support to Sustainable Food Security in Cuba**” are that “Management capacities for strengthened decision and policy making are improved” (Result 1), that “Sustainable and resilient systems to ensure the supply of locally produced, diversified, safe and innocuous food are developed in selected municipalities” (Result 2), and that “The articulation of actors in an Integrated Knowledge Management System for a resilient and sustainable food production in selected municipalities is upgraded” (Result 3). Results 2 and 3 will follow the logic of territorial concentration in order to maximise the impact at local level.

Cuba challenges require agriculture policy reforms towards a **low input, climate-smart and competitive food production** and to reinforce local governance as well policy makers and agricultural stakeholders' capacities. Given the limited EU funds available in a wide sector with considerable actors, dimensions and financial needs, the EU support will be more strategic if used as a knowledge and capacity enhancer, a breach-opener for innovative approaches and as a leverage mechanism to raise additional domestic and foreign investments in the sector. Also, the Action will be the first time that the EU supports Cuban actors on strategic planning, decision or policy-making in that sector. The national policy of municipal self-supply of food might be an entry point to contribute to the elaboration of the nutrition of food security national policy, expected in the framework of the 2030 National plan of social and economic development (PNDES). It will also be the first time a comprehensive environmental and climate resilience approach is mainstreamed in that sector, with a local value chain focus, and in which, besides, a Programme coordination accounts for the results of each component in reference to a common logical framework. The Action is designed to respond to Cuba's needs and priorities, and ensure sufficient flexibility to take into account the government demands as the project and the country policy will be implemented and as the social, economic and environmental contexts evolve.

The expected outputs of **Support measures for Cuba II** are to develop studies, short-term technical assistance, trainings, conferences, events, study visits, and other similar activities, on priority and/or complementary areas of EU cooperation in Cuba, such as: environment, gender equality, civil society participation, children and youth. Also, it intends to support cultural and heritage activities, events and/or projects as drivers of inclusive development and dialogue. It implies the development and implementation of the EU strategy on Culture for Cuba. Under this chapter, the EU Delegation may support the first activities of the foreseen EU National Institutes for Culture (EUNIC) cluster in Cuba, integrated by a large number of the 18 EU Member States represented in the country which are involved in cultural activities.

#### 6) Past EU assistance and lessons learnt

With regards to “**Strategic Support to Sustainable Food Security in Cuba**”, the main lessons learnt from EU past experience, on which the programme will feed, are, firstly, that a forced transition towards agroecological agriculture has become part of state policy, secondly, that Cuba has a diversity of agricultural production systems with the Cooperatives of Credit and Services as main drivers for change in agricultural development, thirdly, that urban and sub-urban agriculture is far more than an anecdote in the country, fourthly, that there is a solid research-extension system with promising results and room to improve and further develop, fifthly, that although agricultural value chains are firmly controlled by the Government, updating is in progress and, finally, that tourism is as an opportunity for inclusive and quality local agricultural development.

In relation to “**Support measures for Cuba II**”, this will be the second time that Support Measures under bilateral cooperation are adopted in Cuba. Experience has shown, on the one hand, that a precise, structured and bilaterally-undertaken identification and formulation of projects or programmes is the key to successfully implemented projects (i.e. avoid subsequent blockages, improvisation or fine-tuning during project implementation); and, on the other hand, that as project implementation unfolds, quite often complementary needs arise for specific evaluation, studies, events, trainings and other capacity-building activities.

#### 7) Complementary actions/donor coordination

##### i) Complementary actions

The Action “**Strategic Support to Sustainable Food Security in Cuba**” will seek synergies with key donors such as the Swiss cooperation (**COSUDE**), which focus on local development; knowledge transfer and innovations in agriculture, the Spanish Cooperation (**AECID**) which has experience in the West of the island, mostly in local development and cash crop value chains (Cocoa), the -recently opened- Italian Cooperation (**ICA**), which supports milk value chain and climate change adaptation pilots. Also, it will complement the International Fund for Agricultural Development (**IFAD**) and the Agence française de Développement (**AFD**) support to improve milk and meat production in Camaguey (PRODEGAN). In this framework, AFD has developed a **blended component** under **Latin America Investment facility** (LAIF, EUR 7.5 million) to manage environmental and social risk related to agroindustry intensification, to enhance sustainable practices, improve management of “Marabu” with a carbonisation plant, and also provide a credit line to a local bank to foster “green investments” in food production. The latter represents a potential lever to sustain and upscale the activities of the Action “**Strategic Support to Sustainable Food Security in Cuba**”. In addition, interesting synergies will be established with **Canada** and **Japan** (working on beans, fruit value chains or “Purchase for Progress approach”). The Action will complement ongoing EU-funded projects **BASAL** (climate change adaptation in agriculture, EUR 7.65 million) and **AGROCADENAS** (EUR 9.2 million),

implemented by UNDP. UNDP is also implementing the 6<sup>th</sup> Global Environment Facility's Small Grants Program (GEF) (2016-2020) on biodiversity, land degradation and climate change. At present, **FAO** is preparing a GEF programme on innovations and biodiversity protection in agriculture and is actively supporting MINAG Policy of local self-supply of food. World Food Programme (**WFP**) is currently implementing ECHO projects on information systems on drought and food security in the East of Cuba and a "**PRO ACT**" project in the strengthening of local social protection system towards food and nutrition security in Villa Clara. Furthermore, the Action will be complementary to the project "**REDES IRMA**", implemented by Intermon Oxfam in the central zones of the country, to reinforce civil society resilience capacity in Villa Clara and Camaguey, very affected by hurricane Irma in 2017. Besides, the Action will constantly seek synergies and complementarities with projects funded under regional programmes or facilities, like the Regional Facility for International Cooperation and Partnership ("**triangular cooperation**"), **EUROCLIMA+**, **LAIF**, **AI Invest 5**, or projects funded under thematic programmes like the Global public Goods and Challenges (GPGC, including recent "**DESIRA**" programme), **Global Climate Change Alliance +**, **Erasmus +** or **Horizon2020**. Finally, the Action will be fully in line with EU-ECHO Linking Relief to Rehabilitation and Development" (LRRD) strategy in Cuba and with ECHO-funded projects in Cuba relating to **disaster risk prevention and management** (in particular droughts and hurricanes). It will capitalise on the work done to reinforce Early Warning Systems.

The same logic of complementarity and synergy with current and future actions funded by the EU or other donors will be applied by "**Support Measures for Cuba II**".

#### ii) Donor coordination

As it will be the first time that the EU supports Cuban actors on strategic planning, decision or policy-making in the sector of agriculture, the Action "**Strategic Support to Sustainable Food Security in Cuba**" will enable stronger coordination and joint strategies among EU member States and donors as well as it will facilitate a coordinated policy dialogue towards Cuban partners in relation to sustainable food production and nutrition, notably with the support of the Programme Coordination Office.

The Action "**Support Measures for Cuba II**" is intended to reinforce donors' coordination and EU Member States Joint Programing in all the areas of intervention it will tackle, such as environment, gender equality, civil society participation, children and youth.

### 3. Communication and visibility

Promoting and communicating on EU cooperation activities to the general Cuban public in the island has been challenging in the past. The situation is evolving favourably and the opportunity will be seized by the EU. In the framework of the “**Support Measures for Cuba II**”, the EU will use communication as a tool for development, not only as visibility. The idea is to be more creative, using different communication methods in order to raise social awareness on shared challenges, transmit key messages and values on our main priorities of our cooperation so as to promote social and inclusive development.

The same pattern will be developed for “**Strategic Support to Sustainable Food Security in Cuba**”. Along with Cuban and implementing partners, a communication and strategy will be elaborated for the Programme in its entirety and for each of its components together with the programme coordination office and in a coherent and complementary way.

### 4. Cost and financing

<b>CUBA MIP (Incl. MTR revisions)</b>	1	2	3	4 [1-(2+3)]
<b>Concentration/Focal Sectors</b>	Total Allocated (million Euro)	Amount Already Committed (million Euro)	<b>AAP Year 2018-2019</b> (million Euro)	Amount To be committed (million Euro)
<b>Priority 1</b>	21	1.35	<b>19.65</b>	0
<b>Priority 2</b>	18	18	<b>0</b>	0
<b>Priority 3</b>	10	7.7	<b>0</b>	2.3
<b>Support measures</b>	1	0.5	<b>0.5</b>	0
<b>TOTAL</b>	50	27.55	<b>20.15</b>	2.3

**Strategic Support to Sustainable Food Security in Cuba** EUR 19 650 000

**Support measures for Cuba II** EUR 500 000

**Total EU contribution to the measure** EUR 20 150 000

The committee is invited to give its opinion on the attached annual action programme 2018 and 2019 - part I - in favour of Cuba.



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**ANNEX I**

of the Commission Implementing Decision on the financing of the annual action programme in favour of Cuba for 2018 and 2019 - part I - to be financed from the general budget of the Union

**Action Document for “Strategic Support to Sustainable Food Security in Cuba”**

<b>1. Title/basic act/ CRIS number</b>	<b>Strategic Support to Sustainable Food Security in Cuba</b> CRIS number: LA/2017/040-075 financed under Development Cooperation Instrument	
<b>2. Zone benefiting from the action/location</b>	Cuba The action shall be carried out in 2 provinces and at central level in Cuba.	
<b>3. Programming document</b>	Multiannual Indicative Programme (MIP) for Cuba 2014-2020	
<b>4. Sector of concentration/ thematic area</b>	Sector 1 “sustainable agriculture and food security”	DEV. Aid: YES
<b>5. Amounts concerned</b>	Total estimated cost: EUR 19 953 000 Total amount of EU budget contribution: EUR 19 650 000 from the general budget of the European Union for 2019, subject to the availability of appropriations following the adoption of the relevant budget. This action is co-financed in joint co-financing by: - Food and Agriculture Organization of the United Nations (FAO) for an amount of EUR 170 000 - United Nations Development Programme (UNDP) for an amount of EUR 133 000	
<b>6. Aid modality and implementation modality options</b>	Project Modality Indirect Management with FAO Indirect management with UNDP Direct management (audit and evaluation)	
<b>7 a) DAC code(s)</b>	Main code 31120 Agriculture development: 100% 31110 Agriculture policy and administration management: 15% 31165 Alternative agriculture development: 70%	

	31182 Agriculture research: 15%			
<b>b) Main Delivery Channel</b>	Channel 1: 4100 – International Organizations			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance		x	
	Aid to environment			x
	Gender equality (including Women In Development)		x	
	Trade Development	x		
	Reproductive, Maternal, New born and child health	x		
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	x		
	Combat desertification		x	
	Climate change mitigation	x		
	Climate change adaptation			x
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Food and Nutrition Security and Sustainable Agriculture			
<b>10. Sustainable Development Goal (SDG)</b>	<p>Mains SDG: Goal 2. “End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> <p>Complementary SDGs: Goal 8. “Sustained, inclusive and sustainable economic growth”, Goal 13: “Climate change” and Goal 15: “Sustainable use of terrestrial ecosystems”</p>			

#### **SUMMARY**

In the updated *Lineamientos* 2016-2021<sup>1</sup>, self-reliant (n°150), inclusive (n°157) and sustainable (n°159) agriculture remains a top priority. The inclusive and self-reliant dimensions have an especial and pertinent focus on the youth and women. The dimension of sustainability is of growing relevance given, on the one hand, the necessity to increase production and productivity levels in a sustainable manner and, on the other hand, the effects and prospects of climate change impacts like the recent Irma disaster, especially regarding

1 The “Guidelines of Economic and Social Policy of the Party and the Revolution” (‘Lineamientos’) is a comprehensive package of economic reforms that was endorsed by the National Assembly in 2011. The Guidelines were revised and complemented in 2016 during the VII Party Congress together with the adoption of a draft Development Plan up to 2030. <http://www.granma.cu/file/pdf/gaceta/01Folleto.Lineamientos-4.pdf><http://www.granma.cu/file/pdf/gaceta/01Folleto.Lineamientos-4.pdf>



water, soil and biodiversity. In order to limit the budget deficit, the rapid transformation in food production towards greater efficiency and output is also critical so that the dependency on food imports is reduced.

These challenges require agriculture policy reforms towards a low input, climate-smart and competitive food production and to reinforce local governance as well policy makers and agricultural stakeholders' capacities.

Given the limited EU funds available in a wide sector with considerable actors, dimensions and financial needs, the EU support will be more strategic if used as a knowledge and capacity enhancer, a breach-opener for innovative approaches and as a leverage mechanism to raise additional domestic and foreign investments in the sector. Also, the present Action will allow the EU to reinforce its role as a key strategic technical and financial partner in a highly prioritized sector, essential for the economic, social and environmental development of Cuba.

The Action is designed to respond to Cuba's needs and priorities, and ensure sufficient flexibility to take into account the government demands as the project and the country policy will be implemented and as the social, economic and environmental contexts evolve.

The *overall objective* of the Action is Quality food production to meet local demand is sustainably enhanced.

The *specific objective* of the Action is Innovative, environmental and climate-resilient approaches to increase local food production are implemented.

### **Result 1: Management capacities for strengthened decision and policy making are improved**

This result will promote the flexible development of exchanges of experiences, sharing of best practices and trainings between decision-makers from EU and Latin American and Caribbean (LAC) countries in order to support the Cuban Government to improve strategic planning, decision-making processes and management models in the sector of food production which would mainstream environment, climate change and gender and respond to the imperatives of quality and competitiveness. It is also meant to support the design of the national policy of "local self-supply of food" (*autoabastecimiento municipal*) with all concerned actors.

The Action would draw inspiration from the experience and methodology of the current "EU-Cuba Exchange of Experts Programme" (Multiannual Indicative Programme 3<sup>rd</sup> priority). It would also seek synergies with the "FIRST<sup>2</sup>" expertise in Cuba.

Results 2 and 3 will follow the logic of territorial concentration in order to maximise impact at local level and be implemented in the same territories, in support to the municipal plans of self-supply of food.

### **Result 2: Sustainable and resilient systems to ensure the supply of locally produced, diversified, safe and innocuous food are developed in selected municipalities**

Based on Cuba's experience in agroecology and on innovative projects like BASAL and AGROCADENAS, the result will adopt an integral approach, in order to:

- support/improve the implementation of municipal self-supply of food, through protection or restauration of local biodiversity, the prevention of soil and water degradation, the optimal water use and management,

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<sup>2</sup> EU-funded **Food and Nutrition Security, Impact, Resilience, Sustainability and Transformation programme**, implemented with FAO

- promote climate change adaptation best practices in a perspective of “circular economy”, in synergy with Cuba MIP 2<sup>nd</sup> priority programme on “renewable energies”.
- Improve link of young and female farmers and cooperatives to local needs and surpluses towards tourism markets with higher purchasing power. To that purpose, the Result will support the strengthening of product traceability, safety and quality all along the value chain, to satisfy quality requirements of local and touristic markets.
- give special attention to the necessary optimisation of local means of food transport, storage and conservation in the territory, for which low carbon solutions will be prioritized.

**Result 3: The articulation of actors in an Integrated Knowledge Management System on resilient and sustainable food production in selected municipalities is upgraded**

This result firstly aims at encouraging collaboration through exchanges between science, research and academic institutions from the selected territories in Cuba, and the EU and LAC countries, to promote the sharing of scientific experiences, discoveries, best practices and lessons learnt regarding ecological and climate resilient production of food, optimal management and use of water and renewable energies for food production.

Secondly, it will intensify the practical interconnexion between the producers from the territory, other key actors of the value chains and key Cuban institutions of education and research in the same territories.

All these actors would interact “from the field to the lab and from the lab to the field” in the framework of “local platforms” based on the best practices of previous experiences to strengthen the local integrated knowledge management system. In this respect, it is intended to strengthen local agricultural advisory services (*extensionismo*) as key links between those actors.

## **1. CONTEXT**

### **1.1 Sector/Country/Regional context/Thematic area**

The toughening of the USA position on Cuba, the weakening of trade relations with key partners like Venezuela, Brazil and China and the impact of hurricane Irma have been compounding a situation of high trade deficit (some USD 8 billion), public budget deficit (around average 12% in the last five years), a low rate of FDI (less than 5% of GDP), growing (yet unmeasured) inequity, mainly because of a flourishing "Cuban dollar" informal market. Such panorama is coupled with a political transition in 2018 with the new Congress and the election of President Miguel Diaz-Canel. Also, the impending monetary reunification is one major challenge for the Cuban planned and centralised economy.

In this context, the current objective of the Cuban Government is to reach macroeconomic stability, sustainably boost domestic production and reduce dependency on foreign imports (mainly energy and food).

National food production has overall increased but below established targets and a substantial part of food production ends up in the black market. Besides, booming demand from tourism (16% of GDP; 4.7 million visitors in 2017, +34% compared to 2015, and 10 million/year expected by 2020) and from fledging private businesses put a high pressure on supply and prices.

Today, Cuba still imports around 80% of the food consumed, in particular for the Cuban National Food Programme, which provides 50% of nutritional requirements to the

11 million Cubans through the ration card, food prices subsidies and other social programmes, costing the country some USD 2 billion/year (15% of total imports value).

The causes of this external food dependency are multifaceted. Nonetheless, what has become gradually more patent is that the challenge with sustaining food production is not just economic but also environmental and climatic. Cuba faces, due to its geographical location and stretched shape, great risks of natural disasters due to extreme climate events like hurricanes<sup>3</sup>. It is also faced with increasing periods of droughts, temperature increase, disruption of the precipitation regimes, costal erosion and coastal flooding with further salinization of soils, also bear high environmental as well as social and economic costs. The intensification of all those climate phenomena predicted for the coming decades pose serious threats over the sustainability of Cuban agriculture: decreasing surface of arable land, difficulty to raise and feed livestock, limited water available for irrigation, etc.

Also, the above-mentioned climate change manifestations are enhanced by unsustainable human and societal activities<sup>4</sup>, dating back from before the “Special Period”, such as inefficient resource management practices, inappropriate use of chemicals, intensive tillage, insufficient incentives for diversification and association of crops, and inadequate waste management, which reduce land productivity, intensify land degradation, reduce water availability and quality, and affect negatively the biodiversity and ecosystems. Water is one core issue. Agriculture is the sector consuming -and wasting- the greatest quantities of available fresh water in Cuba (60%), in contrast, only 7% of cultivated lands are irrigated. There is thus a great deal to improve in this area.

Several of these problems can be adjusted via adequate policies, information, knowledge sharing, capacity building and adequate input, witness the urban and sub-urban (*Agricultura Urbana y Sub-Urbana*, AU/ASU) agro-ecological movement<sup>5</sup>, which has already led to fundamental changes in the use of unsustainable practices and the latter represent, in terms of innovation, resilience and competitiveness, a great opportunity for local development, foreign investment and technological advances. The evidence is that, today, more than half of the fresh food eaten in Cuba depends on that movement. Cuba is considered as a reference in applied agroecology and has proved evidence of successful fossil-fuel-free, climate-change-resilient, high-tech farming for some component of its agriculture. Besides, the growing demand of quality products in Cuba (from tourism) and from European continental markets could also represent a potential for that sector<sup>6</sup>.

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3 **Estimates for losses due to 16 hurricanes (from 1998 to 2008) were estimated up to US\$ 20.5 billion (INDC, 2016)**

4 For an insight of the impact of the previous agricultural model on ecosystem degradation, based on monocultures (coffee, tobacco, sugar cane) and use of chemicals, before the “Special Period”, see: “*Comparing environmental issues in Cuba before and after the Special Period: Balancing sustainable development and survival*”, by Rasha Maal-Bared, 2005, Environment International 32 (2006), also Portela AH, Aguirre BE, “*Environmental degradation and vulnerability in Cuba*”, Nat Hazards Rev 2000 or Scanavis C, Sarri E. “*Need for sustainable development awareness management in Cuba*”, Int J Sustain Dev World Ecol 2004.

5 *Avances de la agroecología en Cuba*, Aguilar and Moreno, EEIH, 2016; *Bases metodológicas para la resiliencia socioecológica de fincas familiares en Cuba*, Rodríguez, 2016, Universidad de Antioquia.

6 Albeit trade and financial obstacles, the agro-ecological market of the USA (whose demand grows 3 times more than the conventional food market) represents a niche for tropical produce as well as more temperate vegetables in winter sales. This is a market that pays high prices.

In addition, the evaluations<sup>7</sup> of the impact of the last hurricanes that hit the country in 2008 (Sandy), 2016 (Matthew) and 2017 (Irma) underline the necessity to take into account not only damage to the agricultural production but also to the productive assets and/or to the support systems. This leads to the conclusion that, in order to reduce the vulnerabilities associated with agricultural activity, one cannot just rehabilitate infrastructure after the impact or protect the outputs but should increase the resilience of all food production components. In the Action, the vulnerability of the three interlinked food production subsystems (resources, production and support) will be addressed as one integrated structure; in addition, the project will seek to enhance the capacities of relevant institutions at both central and local level to promote a strategic approach to climate-proof food production.

The Action will also build on Cuba's opportunities for overcoming these barriers, as compared to neighbouring countries.

Firstly, 60% of Cuba's land is propitious for agriculture<sup>8</sup>; nevertheless more than half is unused, like huge areas of pasture, idle land or untapped land because of "marabú" (an invasive plant). Around 19% of Cuban aging labour force is employed in the agriculture sector but the latter only contributes to 4% of the GNP. It is estimated that Cuban productive potentialities (including fisheries and cattle breeding) could reduce food imports dependency from 80% to 35-40%<sup>9</sup>.

Secondly, Cuba has high research capacity and dedicated institutions in climate-smart innovations, agro-meteorology, biological pest management and control, soil conservation; a generally highly educated population, including in the sub-urban and rural areas. Cuba can also count on new instructed farmers, eager to produce and not restrained by specific production schemes, as well as the dynamic and growing role of the non-state sector. Thirdly, Cuba is experimenting decentralisation, by which local governments, gaining increasing financial and operational autonomy, are responsible for their local planning and economic development to resolve local problems, thus allowing better adjustment in the decision-making to the local context and needs. The municipality is accordingly chosen as the intervention level of this project.

Besides, food diversification is crucial nutritionwise. Analysts estimate that Cuban households spend more than 70% of their income on food<sup>10</sup>. Unsubsidized domestic food prices (above all market garden produce) keep on rising, in contrast to the low increase in real salaries and incomes in general. According to official data, there is no malnutrition in the country and anaemia prevalence remains moderate, yet, it is not eradicated and obesity is worsening due to unbalanced nutritional habits, related to the introduction of low quality industrialised food, and difficult access to a balanced, diversified diet. The objective to work at local level is also meant to shorten circuits towards final consumers and keep prices low.

The key potentialities in Cuban agriculture are conditioned by the advancement of reforms as well as the simplification of procedures and bureaucratic controls in the sector, while preserving the gains of Cuba social protection system.

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7 FAO. *Rapid Agricultural Disaster Assessment Routine (RADAR)*. Environmental and Natural Resources Series, 12 [ftp://ftp.fao.org/docrep/fao/011/i0183e/i0183e.pdf](http://ftp.fao.org/docrep/fao/011/i0183e/i0183e.pdf) p. 35

8 Source: MINAG (2016). *El sector agrario cubano en el contexto del desarrollo sostenible. Conferencia presentada en el XI Encuentro de Agricultura Orgánica y Sostenible*. Mayo 2016. Varadero, Cuba.

9 Source : *El Mercado agropecuario, políticas e impactos*, Armando Nova Gonzalez, 30/06/2016

10 <http://www.fao.org/docrep/014/i2330e/i2330e.pdf>

### ***1.1.1. Public Policy Assessment and EU Policy Framework***

The **2011 *Lineamientos*** outline Cuba's medium-term strategic development objectives in a package of more than 300 measures. In 2016, the *Lineamientos*<sup>11</sup> were updated by the 7th Congress of the Communist Party and reiterated the importance of key reforms to update the management model. Also, Congress approved the **National plan of social and economic development (PNDES) until 2030**. In this framework, every Ministry is currently elaborating its sectorial Plan of Action until 2030.

Apart from those steering policy documents, of importance are the *Enfrentamiento al Cambio Climático (PECC) (2009)*, the *Programa de Enfrentamiento al Cambio Climático para el Sector Agropecuario y Forestal, del MINAG*, the *Programa Científico Nacional “Cambio Climático en Cuba: Impactos, Mitigación y Adaptación” (2012)*, the *Política Nacional del Agua (2013)*, *Cuban NDCs (2015)*, and the *Climate Change Adaptation National Plan (2017-20100) “Tarea Vida”* approved in April 2017 with Strategic Lines (3 to 5) directly impacting the Action.

This programme is fully in line with the first sector of concentration of **2014-2020 EU-Cuba MIP “sustainable agriculture and food security”**. It also responds to the **New EU Consensus on Development** and the **UN Sustainable Development Goals** until 2030 (SDGs) reiterating the need to fight against climate change adverse effects, poverty, unsustainable consumption and production, and better considering the way to distribute wealth.

In addition, the **Political Dialogue and Cooperation Agreement (PDCA)**, the first EU-Cuba bilateral agreement, provisionally came into force in 2017, and enables reinforced cooperation in sustainable and innovative agriculture, climate change and environment issues.

Eventually, it is important to note that Cuba has mobilized, since July 2017, a medium-term Technical Assistance under the EU funded “FIRST” (Food and Nutrition Security, Impact, Resilience, Sustainability and Transformation) Programme, implemented by FAO, which is a promising tool to fuel sectoral dialogue in the sector.

### ***1.1.2. Stakeholder analysis***

Under the auspices of The Ministry of External Trade and Investment (MINCEX), which coordinates all cooperation in (and from) Cuba, the Action will interact with various stakeholders intervening in that –complex- sector.

At institutional level, the **Ministry of Agriculture (MINAG)** is a prominent actor in the Action and its leadership is strong. It leads a large number of national entities such as the *grupos empresariales* (State companies) and research institutions. It supervises national associations like *ACPA Asociación Cubana de Producción Animal*, *ANAP Asociación Nacional de Agricultores Pequeños*, *ACTAF Asociación Cubana de Técnicos Agrícolas y Forestales*, which are key links to producers and cooperatives. However, MINAG is a conservative actor. It also seems to be caught between the imperatives of immediate production and sustainable and resilient practices, in a context of financial constraints. It is

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11 Access from <http://www.granma.cu/file/pdf/gaceta/01Folleto.Lineamientos-4.pdf>

believed the two visions are not totally incompatible, as MINAG is gradually committing into more sustainable strategies.

**The Ministry of Environment, science and technology (CITMA)** is the second most important stakeholder in this Action. It is the leading Ministry for the implementation of EU and Swiss Cooperation-funded BASAL project implemented with UNDP. Along with the executive agency (the Environment Agency), this Ministry has also proved to be a collaborative like-minded partner, and is able to coordinate with other Ministries, like MINAG, towards the same objective.

Other actors, like the **National Institute of Hydraulic Resources (INRH)** and the **Ministry of food industry (MINAL)** are important stakeholders in the Action for specific aspects such as, respectively, water regulation, use and control or quality and innocuousness, mini industries and fish production.

**Ministry of Superior Education (MES)** is in charge of leading and managing higher education in Cuba. In addition, it is responsible for training, among others, managers/executives for public administration, the private enterprise and the non-State sector. It will be a productive partner for Result 1 and 3.

**The Ministry of Economy and Planning (MEP)** leads the implementation of the *Lineamientos* and the economic planning, and consequently, has a more integrated and holistic view of Cuban economy needs and limits. It will be involved in Result 1 implementation, along with MINAG. Key institutions like INIE (Economic Research Institute) work under its aegis. Also MEP leads the EU-Cuba “Exchange of Expert Programme”.

Of paramount importance are **local actors, at municipal level**, private farmers and **cooperatives, in particular CCS**<sup>12</sup>, local service providers and local governments, who will represent the focus of our support and will benefit from the core of Result 2 support. In addition, local universities (such as Marta Abreu de las Villas or José Martí Pérez de Sancti Spiritus) and local centres of investigation will participate, along with European centres of research and investigation, in the development of adapted innovative solutions and technologies in Result 3.

On the **donors’** side, the most like-minded partner is the Swiss Cooperation (**COSUDE**). Co-financing to this Action is likely. COSUDE co-funds the two biggest EU programmes in Cuba (BASAL and Agrocadenas) and has excellent relations with the EU Delegation. Also, synergies will be sought with the Italian Cooperation and the Spanish Cooperation Agency (AECID), who have limited but interesting experience in the sector. Likewise, Canada and Japan are potential allies on specific segments of the food production sector.

The recently established French Development Agency (**AFD**), who works as a development bank in Cuba, also represents a solid collaborator for the EU Delegation and a potential lever for sustainable investment in the sector (rallying foreign private companies aligned with our priorities, or the European Development Bank for instance).

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<sup>12</sup> Cooperativas de Créditos y Servicios

Among **International Organizations** in Cuba, **UNDP, FAO or World Food Programme (WFP)**, share common strategies with the EU in this particular sector. For instance, **FAO** is currently repositioning itself in Cuba. It has recently developed a strategy focusing on policy support, South-South cooperation, local self-sufficiency and resilient agriculture. Undoubtedly, FAO has entries at MINAG and the local office in Cuba is recruiting more agents to increase its visibility and proactivity, however in terms of (large) project management, its experience in Cuba remains modest. **UNDP** has a good relationship with MINAG, CITMA, an in-depth experience in large project implementation in Cuba and in key areas such as decentralization (PADIT<sup>13</sup>), sustainable agriculture (BASAL, Sustainable land management), value chain approach (AGROCADENAS), climate change and biodiversity (Global Environment Finance (GEF), Sabana Camaguey, Green Climate Fund). WFP is involved in nutrition, local food production and social security in Cuba and IFAD has no office in Cuba but mostly works with MINAG and cooperatives in classic value chain support (beans, milk and meat). The UN Agencies have a certain incidence on policy and decision-making processes at central level.

**Civil society and associations** are also very active in food security and agriculture in Cuba. International NGOs are constructive partners in the sector, as some of them have developed long-standing relationships with Cuban associations and local authorities, although recent developments have made it more difficult for them to operate in the country.

### ***1.1.3. Priority areas for support/problem analysis***

As mentioned before, various barriers, gaps and issues will need to be addressed in order for Cuba to sustain its pathways towards a more sustainable and resilient agriculture. These constraints are of different nature and variably acknowledged or confronted by Cuban counterparts.

#### **Scarce data and policy information**

Apart from the *Lineamientos*, and general Resolutions or Law-Decreets, most policies are not public, which makes it difficult to appreciate the country's strategy. There are existing Programmes (regarding forestry, biological control, fruit, integrated management of pests and soils, innocuousness and quality) but there is not, for instance, one food security and nutrition policy. Government studies or analyses of the sector are not always shared either. While statistics on agriculture (from INIE) do exist, they are difficult to analyse and compare due to lack of detailed information.

#### **Agrarian reforms in progress but not linear**

Many reforms as defined in the 2011 *Lineamientos* have been implemented in a gradual and/or fragmented manner or even not implemented at all<sup>14</sup>. In some respect, it has also emphasized some contradictions and limitations in the market system (among others, the fragmentation of the Cuban food retail market<sup>15</sup>, the pricing system, the complex import procedures or the absence of a private wholesale market for inputs). Also, they have been confronted to structural bottlenecks which require deeper macroeconomic reforms, stronger

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13 Plataforma Articulada para el Desarrollo Integral Local

14 <http://www.dailymail.co.uk/wires/reuters/article-4641054/Cuban-farmland-lies-fallow-production-languishes.html> 26/06/2017

15 Different types of markets exist: normado, de oferta-demanda (cuenta propia, carretilleros, puntos de venta, mini industrias), libre con precios máximos regulados, tiendas en CUC (shopping) y el mercado subterráneo)



political dialogue / advocacy and capacity building at all levels, taking into account the successful tools, initiatives and pilots developed at local level.

### **Increased advocacy for the benefits of low-input agriculture**

Cuban urban and suburban agriculture has had promising results and successes in terms of resilient and sustainable productions but an evidence-based approach for more appropriation at decision-making level remains to be consolidated. Ongoing projects, like BASAL or AGROCADENAS, already are references for a better mutual understanding. Continuous awareness-raising and advocacy work will be carried out with key local and national stakeholders throughout implementation and ensure comprehensive support and empowerment for the project.

### **Importance to potentiate local capacities**

The local governments play an increasingly important role in the decision-making processes in particular regarding local food supply and territorial planning. Therefore, people working in the local governments and local key actors (Ministries delegations, State-run companies providing key technical services, local institutes of research, as well as cooperatives and producers), will need support and training notably through exchanges, to better understand and handle the challenges -whether economic, environmental, social- and opportunities in their localities with regards to sustainable and resilient agriculture development, focusing on evidence-based intervention logic, market-led orientations, and territorial management.

### **Investment potentials and uncertainties**

It is not clear how prioritization of the projects referred in the Cuban Portfolio of opportunities for foreign investment 2017-2018<sup>16</sup> has taken place in terms of resource availability and variability, technology assessment and cost-benefit analysis. A new interesting element is the introduction of possible “foreign Investment with the partnership of agricultural cooperatives” –under certain conditions- which was not foreseen before. The range and type of potential agrifood projects have increased (104 out of 456) for instance there are proposals to increase organic productions<sup>17</sup>. Globally, negotiations by MINCEX, MINAG, or State-run companies with potential investors are done in a bilateral manner, they usually take several years<sup>18</sup> and information is scarce. The programme will intend, through improved sector dialogue, create an enabling environment to attract investors in sustainable and resilient food production in Cuba.

### **Financial constraints**

As already mentioned, physical productions do not cover needs, so Cuba has to import much of the oil, technology, equipment and spare parts needed, all to be paid in hard currency as the Cuban Convertible Peso (CUC) is not exchangeable outside Cuba. This constraint is compounded by the fact that Cuba has no access to conventional financial markets to access liquidity and the US embargo adds more difficulty to the issue. Besides, the uncertain political future of Venezuela, from which Cuba has been importing oil products at a preferential rate, might worsen the situation. Some staples inputs are subsidised by the Government which, besides creating distortions in the markets, represents an additional burden on the public budget. That is why the Government crucially needs to substitute imports, increase exports

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16 <http://bohemia.cu/wp-content/uploads/2016/11/Cartera-de-Oportunidades-de-Inversi%C3%B3n-Extranjera-2016-2017.pdf>

17 Garden vegetables and bananas notably

18 A good example on coffee trade : <http://www.cubatrademagazine.com/small-scale-farms-in-cuba-meet-the-global-market>



and develop services. The liquidity limitation in Cuba is such that payment delays have been extended to over a year. Also, Cuban cooperation partners have little control on the liquidity on their own local bank accounts; therefore an international partner with a bank account overseas can be a pragmatic solution to overcome local liquidity constraints. An additional complexity is the existence of the dual currency<sup>19</sup>, which complicates the definition of real values of goods and services in Cuba.

**Capacity, knowledge and technological gaps**

Universities and research institutions are preparing people in agriculture relevant disciplines (agronomy, veterinary, biochemistry, engineering and so on) but often in a theoretical way with limited practical exposure to get the skills and experience. Also, scientific production is too distant from local needs, not only in view of transfer of information, technologies, but also with regards to the types of research questions being investigated. In addition, locally developed solutions are not captured, or further developed and systematized by the scientific institutes, lacking resources. The Action will build up on past and on-going experiences (like BASAL) with a view to systematizing, at local level, the lessons learned, best practices and effective transfer of knowledge, through the connection of three poles, namely applied science, extension networks and farmers.

**2. RISKS AND ASSUMPTIONS**

The current Action is based on the assumptions that the Cuban institutions and Cuban local Governments are interested in the success of the Action, that the management format defined makes it possible to prioritise activities based on their strategic importance within the updating process of the Cuban economic model, that MINAG fulfils its coordination and leadership role, notably with CITMA, MEP and MES, and that there are public and private institutions from the European Union and third countries interested in getting involved in this Action.

Risks	Risk level (H/M/L)	Mitigating measures
1. <b>Economic and financial:</b> risk of an economic and aggravated liquidity crisis.	M	Strong monitoring of macroeconomic situation is expected, as well as the reinforcement of policy dialogue in the framework of the PDCA in order for EU to have an adequate reaction capacity. Also, strategically, the purpose of the Action is to strengthen Cuba agriculture sustainable production increase (reduce imports), local economic resilience (to external shocks) and increase its self-reliance.
2. <b>Political:</b> general elections in 2018, change in policy focus regarding decentralisation, local food self-sufficiency and <b>sustainable development.</b>	M	This high priority is reiterated in the recently updated <i>Lineamientos</i> and in the "Tarea Vida" National Plan. A national policy of local self sufficiency From the identification phase, an inter-sectorial group (MINAG, CITMA, MES, MINAL, INRH) has been mobilised under coordination of MINCEX. The same group, enlarged to other key actors, notably local actors, were involved in the

19 *La reforma monetaria en Cuba hasta el 2016*, entre Gradualidad y Big Bang. Alejandro y Villanueva, 2013

		<p>formulation negotiations. This will ensure smooth inclusiveness. It is also intended to have MEP strongly involved in the implementation.</p> <p>Also, the Action 1st Result has been designed to facilitate sectorial dialogue at policy level.</p> <p>The EU will ensure commitment on the Action rationale and objectives at all levels via active and constructive dialogue all along the way, the “FIRST” Technical Assistance would be relevantly involved in this regard.</p>
3. <b>Natural:</b> risk of climate shock or natural disaster. )	M/H	<p>The objective of the Action is to reinforce climate-resilience and environmental sustainability of production systems in the selected territories on the basis of the successful Cuban experience in science intensive, low input and capital agriculture. It is meant to minimise the risks and adverse effects of external shocks as well as the negative externalities of agro production.</p>
4. <b>Bureaucratic risks:</b> Lack of key reforms or political commitment to overcome complex and lengthy processes like validations, ratifications, imports or signature of national ToRs.	M	<p>The options of implementation proposed duly take that risk into consideration.</p> <p>As there is strong appropriation and alignment, MINCEX and MINAG will support signature of national ToRs in a timely manner.</p> <p>Also, the logic of intervention is intended to minimise imports of inputs and equipment at its strict adapted and relevant minimum while promoting local production of supplies. Yet, some imports will be necessary. A very active advocacy from the EU Delegation and leading Ministries will be necessary to ensure timely execution.</p>
5. <b>Human resources risks:</b> In the framework of the Action, he Programme and the projects, , will not acquire the necessary human resources for an optimal management and so the best use of funds	M/H	<p>The coordination, articulation and monitoring of the programme, at central and local level, is tackled at formulation phase. The options of implementation of the Programme will also duly take this issue into consideration, so as to mitigate this risk.</p>
<b>Assumptions</b>		
A4. It is assumed that bureaucratic inertia can be eased, that pilots for wholesale markets are launched, that measures to facilitate direct marketing from farmers to consumers are further facilitated, and that further appropriate measures to provide financial and material resources to producers and key actors of the chains are taken.		
A2. It is assumed that the ongoing processes of decentralisation and institutional reorganisation continue, including the measures related to the agricultural sector.		
A1 and A3. It is assumed that national –prevention- mechanisms and reserves will be used and social safety nets will be strengthened, targeting the neediest, to mitigate these risks.		
A5. It is assumed that national Laws and Regulations will allow the programme to recruit the necessary staff for optimal management, including making available necessary counterpart project staff as part of implicit co-financing.		

### **3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

##### ***3.1.1. A forced transition towards agroecological ways of producing food has become part of state policy***

Cuba has become a reference in low-input agriculture since the 90's, when agricultural production systems had to change drastically and quickly due to the collapse of the Communist bloc and the resulting drastic reduction of fuel and fertilisers imports from Eastern European countries. Food production initially collapsed, but Cuba managed to rebound and showed the best food production performance in Latin America and the Caribbean over the period from 1996 through 2005, a remarkable annual growth rate of 4.2 % per capita, thanks, in particular, to the adoption since the early 90's of a range of agrarian decentralisation policies. Recently, the government stated its intention to continue fostering an "ecological" transition in all sectors of agriculture in Cuba.

##### ***3.1.2. A diversity of agricultural production systems with the Cooperatives of Credit and Services as the main player for change in agricultural development***

Besides state farms (779 "Basic production units" controlling 2 million ha, 0.5 million of them cultivated), 3 main types of production structures co-exist in Cuba:

- CPA (Cooperative of Agricultural Production; 984 CPAs occupy 509,600 ha of agricultural land - 269,600 cultivated), with collective propriety of land and means of production.
- UBPC (Basic Unit of Cooperative Production, 1,603 in 2014; 1,598,800 ha of agricultural land – 823,000 cultivated), former state-run farms that from 1993 were given in usufruct to the workers, in most cases organised in cooperatives.
- CCS (Cooperatives of Credit and Services -1,352 in 2014; 2,227,900 ha of agricultural land – 1,079,600 ha cultivated), with individual family farmers working each one in each own piece of land and in most cases sharing services such as credit, machinery, inputs supply, marketing of agricultural products. 100,000 family farmers organised into CCS contribute to 57% of overall food production in Cuba. This sub-sector is undoubtedly the one when with the greatest potential in terms of agricultural development and contribution the changes as desired in the *Lineamientos*.

##### ***3.1.3. Urban and sub-urban agriculture is far more than an anecdote***

Initiated in 1990 by Cuban population as a response to the shortage of food during the "Special period", and, later on, institutionalised and promoted by the Government, urban and sub-urban agriculture development has resulted in 383,000 urban farms covering 50,000 hectares of otherwise unused land and producing more than 1.5 million tons of vegetables. Even if the movement has somewhat lost some momentum in the last few years, urban farms supply 70 % or more of all the fresh vegetables consumed in cities such as La Havana and Villa Clara. Urban and sub-urban agricultural producers, most of them associated in CCS, represent a big potential in terms of development of local food markets.

##### ***3.1.4. A solid research- extension system with promising results and room to improve and further develop***

The transition in the last 20 years towards more sustainable agricultural systems has been fostered by a number of Cuban research and extension organisations that have played a key role in the expansion of organic and urban agriculture and in the development of biological

inputs for soil and pest management, in particular the Cuban Association of Agricultural and Forestry Technicians (ACTAF, *Asociación Cubana de Técnicos Agrícolas y Forestales*) and the National Association of Small Farmers (ANAP, *Asociación Nacional de Agricultores Pequeños*). A number of concrete initiatives bringing together agricultural cooperatives, research centres, Cuban associations and, in some cases local governments are currently taking place aiming at increasing diversified, sustainable food production and small farmers' income.

### ***3.1.5 Agricultural value chains are firmly controlled by the Government but updating is in progress***

An intricate web of state companies controls and monopolises imports and exports, and also most of food processing, storage, distribution and marketing. This represents a huge constraint for cooperatives and individual farmers to raise their productivity.

In accordance with the *Lineamientos*, the Government is aware of the need to loosen “*el proceso de gestión del Sistema agropecuario*” and is allowing for a timid and progressive liberalisation of food distribution -while reiterating the imperious need to preserve the “social gains” of Cuban society. For instance, at least for unregulated products such as vegetables and fruits, farmers are allowed to sell freely around 20% of their production. This is being translated into an increasing number of cooperatives and individual farmers supplying directly agricultural products to hotels and restaurants in La Havana, major (coastal) cities, the *Cayos* and Varadero.

### ***3.1.6 Tourism as an opportunity for agricultural development***

With 4.7 million of arrivals in 2017 and forecasts to double this figure by 2020, the tourism sector is generating a growing demand in food products. The high purchasing power of most tourists visiting Cuba and their requirements in terms of food safety and food quality can be a powerful driver to incentivise increased and diversified food production by individual farmers and cooperatives. The potential of tourism for stimulating agricultural productivity, quality food standards and environmentally sustainable production is to be put together with the solvable demand arising also from among those who (1) receive remittances from abroad (34% of the population received USD 3.3 billion in 2015) and/or (2) work for foreign companies and/or in the tourism sector.

## **3.2 Complementarity, synergy and donor coordination**

As mentioned, there is a wide range of actors intervening in the sector in Cuba at different levels and it is clear that EU and non-EU donor coordination in Cuba needs reinforcing.

**ECHO:** the Action will be in line with “post-Irma EU-ECHO Linking Relief to Rehabilitation and Development” (LRRD) strategy in Cuba. ECHO will be closely involved in the elaboration of the present programme and tight synergies with ECHO-funded projects in Cuba relating to disaster risk prevention and management impacting agriculture (in particular droughts and hurricanes) will be established. The Action will capitalise on the work done in early warning systems. The Action will strive to connect this work to agriculture information produced in the territories (on a par with what has been done for BASAL).

**Switzerland / COSUDE** projects are mainly focused on local development; knowledge transfer and innovations in agriculture. COSUDE has been funding very successful programs like the *Programa de Inovación agrícola local* (PIAL, second phase 2012-2017)<sup>20</sup>. Besides, COSUDE is currently implementing the *Programa de apoyo a una agricultura sostenible* (PAAS) in Cuba with INIFAT, ACTAF, CITMA and MINAG, an interesting pilot project improving agro ecological practices in fruit, honey and vegetable value chains (2012-2017).

**UN**: local development, agriculture has been part of **UNDP** portfolio for several years, along with environment and climate change. UNDP is a solid ECHO partner in emergency and DRR projects (Early Warning Systems). UNDP implements **BASAL** (climate change adaptation and mitigation component), **AGROCADENAS** and is now implementing the 6<sup>th</sup> Global Environment Facility's Small Grants Program (GEF) (2016-2020) on biodiversity, land degradation and climate change. At present, **FAO** is preparing a GEF programme on innovations and biodiversity protection in agriculture and is actively supporting MINAG Policy of local self-supply of food. **WFP** is currently implementing ECHO projects on information systems on drought and food security in the East of Cuba and one "**PRO ACT**" project in the strengthening of local social protection system towards food and nutrition security in Villa Clara.

**AECID** and **Italy** already have experience in the sector in Cuba, mostly in local development and cash crop value chains (Cocoa, café) in the West of the island. Italy supports milk production in Sancti Spiritus, which the Action will complement.

Along with **IFAD**, **AFD** has decided to support<sup>21</sup> MINAG to improve milk and meat production in Camaguey (PRODEGAN). In this framework, AFD has developed a blended component under **LAIF** (EUR 7.5 M) to manage environmental and social risk related to production "intensification trajectories" and agroindustry, to enhance sustainable practices, improve management of "Marabu" with a carbonisation plant, and also provide a credit line to a local bank to foster "green investments" in food production. The latter represents a potential lever to sustain and upscale the activities under Result 2.

**Canada** and **Japan** develop interesting initiatives which are complementary to the Action. Canada leads 3 projects ("Piloting a purchase for progress approach" in Matanzas and Guantanamo with WFP, AGROFRUTALES with UNDP, in association with the Canadian Fruit Value Chain Management International Company in Santiago and Artemisa, and sustainable food production in the three provinces where decentralisation is experimented with Oxfam). Japan is capacitating advisory services for grain and bean production, through technical assistance, in the centre of the country.

Results 2 and 3 will be complementary to the work done with **international NGOs** in the field, such as, for instance, the "**REDES IRMA**" project implemented by Oxfam in the central zones of the country which will reinforce civil society resilience capacity in Villa Clara and Camaguey, very affected by hurricane Irma in 2017.

Finally, the Action will constantly establish synergies and complementarities with projects funded under regional programmes or facilities, like the **Regional Facility for International Cooperation and Partnership** ("triangular cooperation"), **EUROCLIMA** + (notably "Disaster risk reduction"), **LAIF**, **AI Invest 5**, or projects funded under thematic programmes

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20 [https://www.eda.admin.ch/content/dam/countries/countries-content/cuba/es/ficha-pial\\_SP.pdf](https://www.eda.admin.ch/content/dam/countries/countries-content/cuba/es/ficha-pial_SP.pdf)

21 Nevertheless, before providing any loan, AFD wants to make sure that they will not be fined under the US Helms-Burton Law (the extra territorial effects of the "Embargo ("Bloqueo")

like the **Global public Goods and Challenges** (including recent “DESIRA” programme in synergy with Result 3), **Global Climate Change Alliance +**, **Erasmus +** or **Horizon2020**.

### 3.3. Cross-cutting issues

#### Environment and climate change

In its Second National Communication in 2015 to the United Nations Framework Convention on Climate Change (UNFCCC), Cuban agriculture features prominently. It reads that, in the fragile tropical islandic Cuban context, the priorities of the agriculture development in the medium and long term are closely related to environment protection and the necessary adaptation to climate change. In its INDC<sup>22</sup> (National Determined Contribution), Cuba is committed to mainstream climate adaptation measures in all programs, plans and projects related to food production, integrated water management, land planning, forestry, fishing, tourism and health.

The Action will integrate environment and climate change to firstly combat soil degradation (compaction, loss of fertility, phenomenon of salinization; intensive tillage, and misuse of chemical inputs) by promoting increased organic fertility and better use/management of irrigation<sup>23</sup>. These activities will align with the new approach of the United Nations Framework Convention to Combat Desertification (UNFCCC) of land degradation neutrality (LDN) together with the promotion of techniques designed to promote integrated water management and improved irrigation systems that take in consideration the increasing occurrence of droughts, the risks of salinization of the water table due to marine water intrusion and the need to invest in climateproof productive infrastructure, not only to water stress periods but also to the risks of extreme events, including floods and hurricanes.

In order to improve and make more resilient the food production for subsistence and local commercialization, the Action will promote the diversification of the agricultural systems, including the production of resilient seeds and the use of species and cultivars that can adapt to a drier and hot climate, as a positive answer to an impoverished agrobiodiversity. In supporting local food production with a value chain approach, the Action will focus on circular economy, foreseeing for the best use of natural resources and agricultural sub-products, and will favour the use of low-carbon solutions. In this framework, Cuban has developed a vast array of experiences, tools and methodologies on which the Action can build.

The Action also mainstreams a **rights-based approach**, in line with the International Covenant on Economic, Social and Cultural Rights (Art. 11), which Cuba signed but did not ratify, while Cuban Constitution recognises the right to food for all. The principle of “do-no-harm”, both in a human rights and conflict sensitivity perspective, will be followed. The **Action will be gender and youth-sensitive in all activities**. Participation and empowerment of women and young professionals from both the EU and Cuba will be ensured and promoted. Gender equality is a declared objective both of the Cuban authorities (MINAG has elaborated a gender strategy 2015-2020) and of the EU.

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22 <http://www4.unfccc.int/ndcregistry/PublishedDocuments/Cuba%20First/Republic%20of%20Cuba-NDCs-Nov2015.pdf>

23 Following the UNFCCC communication (2000), already the 14 % of the country was affected by desertification processes, meanwhile de 70 % of cultivated lands suffer of at least one of these degradation processes: erosion, salinity, compaction, drainage problem and altered pH, affecting agricultural productivity.

## **4. DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

The *overall objective* of the Action is Quality food production to meet local demand is sustainably enhanced.

The *specific objective* of the Action is innovative, environmental and climate-resilient approaches to increase local food production are implemented. .

This programme is relevant for the Agenda 2030. It contributes primarily to **SDG Goal 2**. “End hunger, achieve food security and improved nutrition and promote sustainable agriculture”, but also promotes progress towards, **Goal 8**. “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”, as well as **Goal 13**: Take urgent action to combat climate change and its impacts and **Goal 15**: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss. This does not imply a commitment by the Cuban Government benefiting from this programme.

#### **Result 1: Management capacities for strengthened decision and policy making are improved**

*Res 1.1: Reinforce national and local capacities towards improved management modes and processes in the sector.*

*Res 1.2: Strengthen Cuban decision makers’ capacities to formulate the National Policy of local Self Supply of Food, integrating resilient and sustainable food systems.*

*Res 1.3: Elaborate the National Policy of Municipal Self Supply of Food through participative and inclusive focus.*

Results 2 and 3 will follow the logic of territorial concentration in order to maximise the impact at local level. They will therefore be implemented in the same territories (in two provinces and a limited number of municipalities, on the basis of agreed selection criteria).

#### **Result 2: Sustainable and resilient systems to ensure the supply of locally produced, diversified, safe and innocuous food are developed in selected municipalities**

*Res 2.1: Identify bottlenecks, potentialities and needs at local level for the sustainable and resilient agriculture production, which satisfy local demand with innocuous and quality food*

*Res 2.2: Reinforce and implement the local plans self-supply of food on the basis of resilient, diversified and sustainable production*

*Res 2.3: Increase the penetration of local diversified food products into local touristic markets*

*Res 2.4: Ensure mechanisms of quality and safety controls all along the production chain*

#### **Result 3: The articulation of actors in an Integrated Knowledge Management System for a resilient and sustainable food production in selected municipalities is upgraded**

*Res 3.1. Reinforce national and local capacities for the design, implementation and monitoring of the local Integrated Knowledge Management System focusing on resilient, diversified and sustainable food production*

*Res 3.2. Design the local Integrated Knowledge Management System, articulating all actors in a participative process*

***Res 3.3. Improve the implementation and monitoring of the Integrated Knowledge Management System at least in the selected municipalities***

***Res 3.4. Integrate the lessons learnt and best practices of the local Integrated Knowledge Management Systems to update the national regulatory framework and the national System of agrarian science, technology and innovation***

#### **4.2. Main activities**

##### **Result 1: Management capacities for strengthened decision and policy making are improved**

***Res 1.1: Reinforce national and local capacities towards improved management modes and processes in the sector***

*1.1.1. Develop training and exchanges of experiences on management models of the sector of sustainable food production for female and male managers, decision makers at national and local level*

*1.1.2. Elaborate and disseminate analyses tools and instruments, which are gender and youth-sensitive, contributing to improve the management and strategic planning of the sector*

*1.1.3. Build capacities in specific key thematic linked to this objective and impacting Results 2 or 3*

***Res 1.2: Strengthen Cuban decision makers' capacities to formulate the National Policy of local Self Supply of Food, integrating resilient and sustainable food systems***

*1.2.1. Improve knowledge of the legal and policy framework associated to food and nutrition security among all stakeholders*

*1.2.2. Develop exchanges of experiences and training on evidence-based sustainable climate resilient food and nutrition public policies, implementing measures and monitoring systems*

*1.2.3. Build capacities of female and male national and local actors on sustainable food and nutrition public policies adapted to the Cuban context*

***Res 1.3: Elaborate the National Policy of Municipal Self Supply of Food with a participative and inclusive focus***

*1.3.1. Elaborate the proposal of a gender and youth-focused National Policy of Municipal Self Supply of Food with its main guiding principles, situation assessment objectives and timeframe*

*1.3.2. Design and implement a monitoring system for the validation of the policy at all levels*

##### **Result 2: Sustainable and resilient systems to ensure the supply of locally produced, diversified, safe and innocuous food are developed in selected municipalities**

***Res 2.1: Identify bottlenecks, potentialities and needs at local level for the sustainable, diversified and resilient agriculture production, which satisfy local demand with innocuous and quality food***



- 2.1.1. *Strengthen capacities of local and national stakeholders to elaborate participative local diagnoses and action plans, integrating a climate resilience gender and generational approach.*
- 2.1.2. *Diagnoses and action plans are elaborated; relevant baselines and indicators (productive, environmental, socioeconomic and nutritional) are established.*

***Res 2.2: Revise and monitor the implementation of the local plans self-supply of food (PAM) on the basis of resilient, diversified and sustainable food production***

- 2.2.1. *Develop capacities of local and national female and male stakeholders to effectively implement the local plans self-supply of food (PAM)*
- 2.2.2. *In line with the priorities established, provide necessary resources to cooperatives and service providers to improve production, processing, preservation, commercialization of safe and quality food*
- 2.2.3. *Promote healthier consumption habits through training, education and communication at local level, focusing on local products and varieties*
- 2.2.4. *Develop and implement a monitoring and evaluation system*

***Res 2.3: Increase the penetration of local diversified food products into local touristic markets***

- 2.3.1. *Implement a capacity building programme to elaborate market studies designed to increase local touristic market demand satisfaction through the promotion and marketing of local varieties and/or food products composed of local varieties)*
- 2.3.2. *Improve capacities of local female /male producers and service providers to respond to local touristic market, including by adding value to food production*
- 2.3.3. *Increase application of contracting mechanisms between cooperatives, service providers and touristic service providers*

***Res 2.4: Ensure mechanisms of quality and safety controls all along the production chain***

- 2.4.1. *Implement a capacity building programme on quality and safety management systems for Food production, processing, preservation and commercialization*
- 2.4.2. *Support the implementation of best practices, and technologies enabling safe nutritious and innocuous food to the consumers*
- 2.4.3. *Implement a monitoring and evaluation system of the mechanisms of quality and safety controls*

**Result 3: *The articulation of actors in an Integrated Knowledge Management System on resilient and sustainable food production in selected municipalities is upgraded***

***Res 3.1. Reinforce national and local capacities for the design, implementation and monitoring of the local Integrated Knowledge Management System (SIGC) focusing on resilient, diversified and sustainable food production***

- 3.1.1. *Identify actors and systems in the territories which contribute to the SIGC*
- 3.1.2. *Realize exchanges among local actors and with other countries on experiences of innovations and models of local knowledge management systems for a*

*resilient (notably at climate level) and sustainable food production promoting biodiversity*

*3.1.3. Strengthen capacities for the design, implementation and monitoring of the SIGC at local level*

***Res 3.2. Design the local Integrated Knowledge Management System, articulating all actors in a participative process***

*3.2.1. Elaborate/consolidate a local data base characterizing the socio productive context of the territories*

*3.2.2. Design the SIGC and all its components, considering available own resources, and using a gender and generational focus*

*3.2.3. Define baselines to measure the effective development of SIGC at local level*

***Res 3.3. Improve the implementation and monitoring of the Integrated Knowledge Management System at least in the selected municipalities***

*3.3.1. Validate and implement the SIGC ensuring inclusive participation*

*3.3.2. Develop and disseminate training and communication material to increase appropriation, efficiency and visibility of SIGC at local level*

*3.3.3. Support small-scale R&D innovative actions, in answer to local prioritized needs, in a sustainable and resilient perspective, associating European and/or LAC academic and research institutions.*

*3.3.4. Ensure relevant information on SIGC advancement, through regular monitoring and evaluation reports, designed to determine the efficiency, relevance and sustainability of the renewed system*

*3.3.4. Replicate and socialize successful experiences of the SIGC implementation, in other municipalities of the selected provinces.*

***Res 3.4. Integrate the lessons learnt and best practices of the local Integrated Knowledge Management Systems to update the national regulatory framework and the national System of agrarian science, technology and innovation***

*3.4.1 Share and disseminate lessons learnt and best practices with all national and local stakeholders.*

*3.4.2 Support the update of the national regulatory framework as well as the national system of agrarian science, technology and innovation*

**4.3. Intervention logic**

The proposed intervention logic was developed at the formulation stage and is based on thorough discussions and exchanges with all the concerned stakeholders. It is based on the problem analysis, best practices and lessons learnt from past projects<sup>24</sup> and experiences in Cuba.

In the current context of economic reforms and climate change adaptation strategies, it will be the first time that the EU supports Cuban actors on strategic planning, decision or policy-making in that sector. The national policy of municipal self-supply of food might be an entry

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<sup>24</sup> For instance, the strategic Review of Food Security and Sustainable agriculture Interventions in Cuba (2008-2016) (“FANSSA evaluation”).

point to contribute to the elaboration of the nutrition of food security national policy, expected in the framework of the 2030 PNDES. Also, the Action will enable stronger coordination among donors and will facilitate coordinated policy dialogue and joint strategies towards Cuban partners in the sector.

It will also be the first time a comprehensive environmental and climate resilience approach is mainstreamed in that sector, with a local value chain focus, and in which, besides, a national coordination accounts for the results of each component in reference to a common logical framework.

The Action will assist the Cuban government and local economic operators to move from an existing partial approach on sustainable practices (economic, social and environmental) and climate change adaptation in food production to a more comprehensive approach, supported by improved decision-making, planning and management, based on objective impact analyses bolstered by applied science and research, and with capacity-building and knowledge transfer playing an intrinsic role throughout the Action.

The logic of intervention is centered on low input vs. high input food production, ecological vs conventional agriculture, and know-how and local high-tech and low-cost solutions vs. costly imported technologies. In this regard, it is believed the UE has a real added value to provide at political, technical and scientific level. This logic of intervention also entails social benefit e.g. better nutrition, empowering non state actors (e.g. cooperatives), civil society networks, women and the Youth to contribute to local planning and food production; economic benefit e.g. improved productivity of soils, increase of local bio products, opening of market outlets; and cultural benefit e.g. restored food traditions and culinary tourism. The involvement of key actors in food production will focus on awareness-raising about nutrition, climate and disaster risks, consultations with suppliers, market research and analysis, small trials and trainings.

Starting with relevant and participative consultations and diagnoses, the Action will fundamentally work at four levels of intervention: farms, cooperatives and local service providers, municipality (local self-supply of food) and central level. The Programme will fundamentally be driven by the following guiding principles:

- Territorial concentration (Results 2 and 3 implemented in the same municipalities from 2 Provinces),
- Innovation bolstered by applied science and research,
- Experimentation and policy dialogue,
- Exchanges of experiences, training and knowledge transfer,
- Participative, responsible and efficient governance mechanisms,
- Ensure inclusiveness and social equity at local level, with a gender and youth focus.

The **exit strategy** will focus on the transfer of knowledge and application of agroecological food production at local level and climate change adaptation measures to: (i) the long-term planning strategies for that sector and in the national policy of municipal self-supply of food, especially facilitating national budget support for their continuation; (ii) the sub-national governance level and (iii) the communities. Other exit measures will focus on exploring other sources of funding (domestic or foreign investment) for follow-on activities and/or extension to other provinces of the territory.

## 5. IMPLEMENTATION

### 5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

### 5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this decision and the relevant contracts and agreements, such amendments to this decision constitute technical amendments.

### 5.3. Implementation modalities for an action under project modality.

Both in indirect and direct management, 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 affecting the respective countries of operation<sup>25</sup>.

#### 5.3.1.1. Procurement (direct management)

Subject in generic terms, if possible	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Audit	Services	1	2024
Evaluations	Services	2	2023 - 2025

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

A part of this action may be implemented in indirect management with FAO. This implementation entails the support to management capacities for strengthened decision and policy making, in particular the local self-supply of food plans and policy (**Result 1**) and the reinforcement of the local Integrated Knowledge Management System (**Result 3**). This implementation is justified because it is the Agency's core mandate to bring normative and technical support to sustainable and resilient agriculture policies and strategic planning. Besides, the FAO in Cuba is primarily supporting MINAG into developing South-South cooperation, the local self-supply of food policy and the national science and innovation national system. Finally, FAO can mobilise key European scientific and academic agriculture consortia, such as Agrinatura, which could be interestingly integrated in Result 3.

The entrusted entity would carry out the following budget-implementation tasks conducting procurement and managing the resulting contracts, awarding and managing grant contracts, carrying out payments to contractors and recovery of undue payments.

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

A part of this action may be implemented in indirect management with UNDP. This implementation entails the support to sustainable, diverse and resilient food production in

<sup>25</sup> [https://eeas.europa.eu/sites/eeas/files/restrictive\\_measures-2017-04-26-clean.pdf](https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf)

order to improve local demand satisfaction with safe and innocuous food in selected municipalities (**Result 2**). This implementation is justified because UNDP results to be the only agency in Cuba with the experience and capacities to implement large-scale programmes in agriculture (PALMA+, Agrocadenas, Agrofrutales), environmental (Sabana-Camaguey, GEF) and climate change (BASAL, GCCA+) and renewable energy (EU MIP sector 2), gaining legitimacy in successfully coordinating CITMA *and* MINAG as well as other key actors, in a sustainable local development perspective. In addition, UNDP has developed specific implementation modalities in Cuba which are highly valued by the Government as they enable stronger ownership and leadership from local partners. Also, UNDP has demonstrated added value in Project communication and visibility.

The entrusted entity would carry out the following budget-implementation tasks conducting procurement and managing the resulting contracts, awarding and managing grant contracts, carrying out payments to contractors and recovery of undue payments.

#### **5.4. Scope of geographical eligibility for procurement and grants**

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

In accordance with Article 9(2)(a) of Regulation (EU) No 236/2014; the Commission decides that natural and legal persons from the following countries having traditional economic, trade or geographical links with neighbouring partner countries shall be eligible for participating in procurement and grant award procedures: LAC countries The supplies originating there shall also be eligible.

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

#### **5.5 Indicative budget**

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution (in EUR)</b>
<b>R.1 Management capacities for strengthened decision and policy making Implemented with FAO</b>	<b>3,000,000</b>	<b>170,000 FAO</b>
<b>R2. Sustainable, diverse and resilient food production in order to improve local demand satisfaction with safe and innocuous food in selected municipalities Implemented with UNDP</b>	<b>13,300,000</b>	<b>133,000 UNDP</b>
<b>R3. Articulation of actors in an Integrated Knowledge Management System for a resilient and sustainable food production in selected municipalities Implemented with FAO</b>	<b>2,850,000</b>	
<b>Evaluation- Audit</b>	<b>300,000</b>	
<b>Contingencies</b>	<b>200,000</b>	
<b>TOTAL</b>	<b>19,650,000</b>	<b>303,000</b>

## 5.6 Organisational set-up and responsibilities

MINAG is the government entity responsible for proposing and once approved, executing, controlling and managing State policies (*Lineamientos, Tarea Vida*) and sector programmes for the use and exploitation of agricultural land (either collectively or individually), agricultural production (meeting the food needs of the population, managing the state sector and the industry) and forestry. Its role encompasses regulation, management and control, provision of inputs, equipment, material and technical services, production and commercialization functions.

MINAG will be the National Cuban counterpart for the Programme. As such, MINAG will be responsible for the overall coordination of the Programme, in close collaboration with the EU Delegation in Cuba, and will ensure proper coordination among the international implementing agencies and the relevant national stakeholders (other Ministries, related Associations, Universities, research centres, agriculture State companies, local governments, etc.).

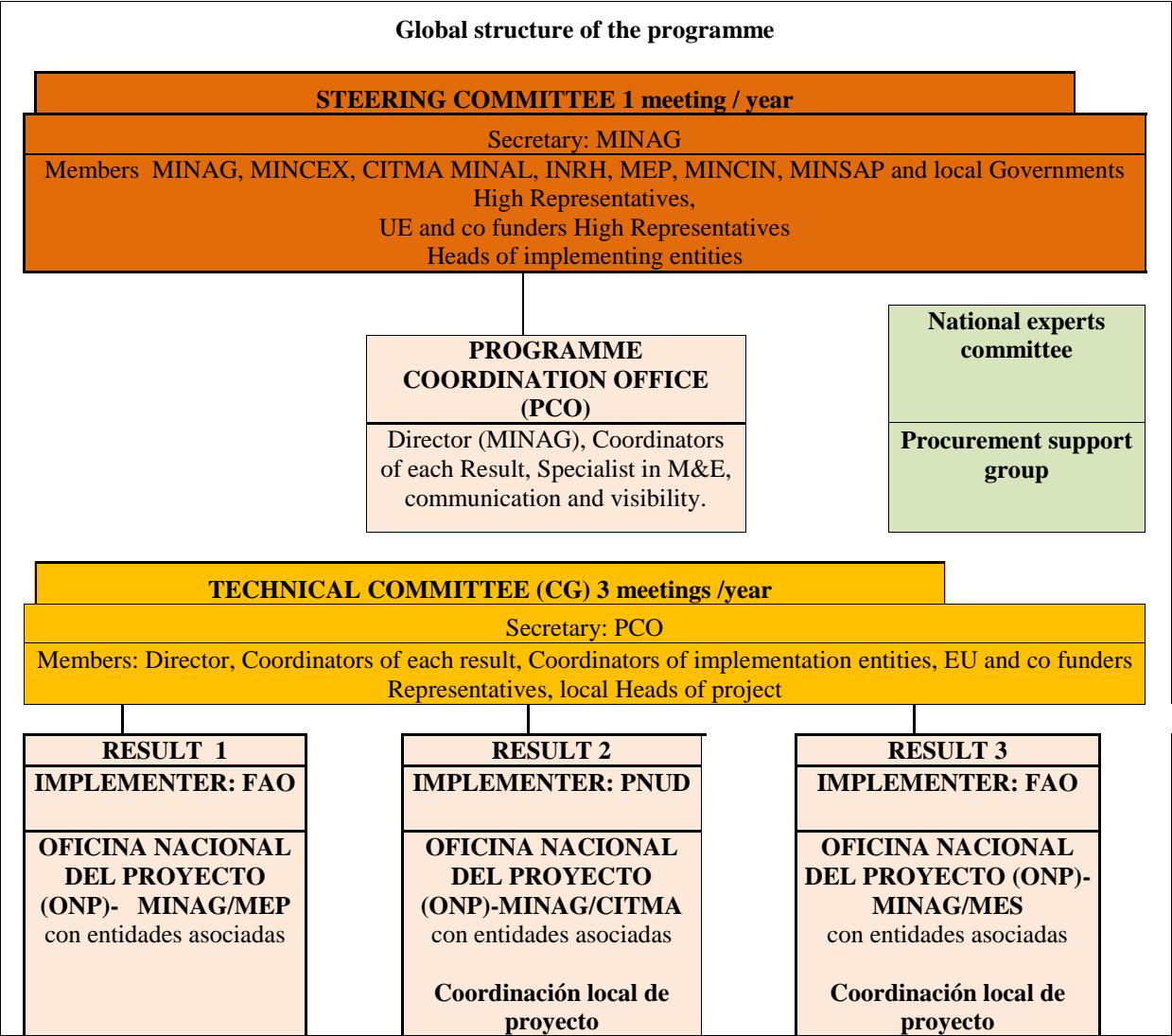
Under the supervision of MINCEX, a **Programme Coordination Office** will be headed by a Director of the Programme, appointed by MINAG, who will ensure the overall coordination and coherence of the Programme. The Government will also set up a team mostly composed by officials from the key Ministries or institutions who will lead the implementation of the Programme in the Coordination Office and will also direct the management of each three Result, including day-to-day coordination, monitoring and evaluation of activities, communication and visibility of the Programme. Both the Director and the management team will be in close contact with the EU Delegation.

It is fundamental to strengthen the Cuban national capacities into managing EU funds, procurement and calls for proposals and coordinating cooperation programmes, with dedicated funds of the Action.

A **Programme Steering Committee**, chaired by MINAG High Civil servant, will further guarantee the strategic planning, guidance, coherence, quality and, if required, adjustment of the Programme. The Steering Committee will meet at least once per year.

A **Programme Technical Committee** will be created. It will be composed of, at least, the Director of the Programme, Coordinators of the implementing entities with their national counterparts and the EU Delegation in Cuba. They will meet on a quarterly basis and steer and supervise the implementation of all three Results as planned.

A careful formulation of responsibilities of the Committees and of the Coordination Office as well as a meaningful selection of members will be ensured.



**5.7 Performance monitoring and reporting**

As mentioned above, each Result will set up a Monitoring and evaluation system which, on the basis of the overarching Programme logframe matrix, will account to the Programme Coordination Office and to the Steering Committee of the advancement of the Action. The Programme Coordination Office will have the responsibility to coordinate all three Results and ensure consistency among each component. All indicators and targets of the Programme will be defined at the start of implementation with all concerned actors.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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

## **5.8 Evaluation**

Having regard to the importance of the action, a mid-term and final evaluation(s) will be carried out for this action or its components contracted by the Commission.

A mid-term evaluation will be carried out for learning purposes, in particular with respect to sector policy dialogue advancement, local development and food production pilot initiatives.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the Programme structure is innovative, should induce better coordination among donors, stronger sector dialogue with Cuban actors and sustainable food production practices at local level.

The Commission shall inform the implementing partner at least 3 months in advance of the dates foreseen 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. 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.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract in 2023 and 2025

## **5.9. Audit**

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

Indicatively, one contract for audit services shall be concluded under a framework contract in 2024.

## **5.10. Communication and visibility**

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

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 0 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or



entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

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

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) <sup>26</sup>

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and **may be updated during the implementation of the action without an amendment to the financing decision**. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators. **Note also that indicators should be disaggregated by sex whenever relevant.**

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	OO Quality food production to meet local demand is sustainably enhanced.	OO1 - Apparent consumption available (tons) per food product in the zones of intervention OO2 - Number and volumes of productions which contribute to the satisfaction of 1) local demand 2) touristic markets in the zones of intervention	2018 Will be established with partners once project starts	2025 Will be established with partners once project starts	ONEI MINAG/MINCIN/MINAL	
Specific objective(s): Outcome(s)	SO : Innovative, environmental and climate-resilient approaches to increase local food production are implemented.	SO1- Ha and % of farming land in the intervention zone benefitting from measures of soil conservation and sustainable improvement (ODS2)** SO2 % of farms which diversify their productions with integral management of pest, water and soil in selected municipalities SO3 - % of annual variation in local food production**	2018  Will be established with partners once project start	2025 Will be established with partners once project start	ONEI MINAG / CITMA INHEM Registros Oficiales de las entidades productoras	Cuban Government and key stakeholders are receptive and committed to enhancing decentralisation and local development, to seize environmental and climate change opportunities in agriculture and defend resilient communities focusing on Women and the Youth
Outputs	R.1 Management capacities for strengthened decision and policy making are improved	1.1 Status of National Policy of Municipal Food Self-sufficiency based on resilient and sustainable food systems 1.2 Number of national and local decision makers, key stakeholders (M/F) and institutions capacitated on sustainable food management systems and strategic planning	2018 Will be established with partners once project start	2025 Will be established with partners once project start	Gaceta oficial MINAG / MEP MES Programme Coordination Office reports Project Reports	Government and key stakeholders are committed to elaborating the national policy and to improve food management models

<sup>26</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

		<p>1.2.2 Number institutions capacitated on sustainable food management systems and strategic planning</p> <p>1.3.1 Number of national and local decision makers and key stakeholders (M/F) trained on policy formulation related to food and nutrition security</p> <p>1.3.2 Number of institutions trained on policy formulation related to food and nutrition security</p>				
Outputs	<p>R.2: Sustainable and resilient systems to ensure the supply of locally produced, diversified, safe and innocuous food are developed in selected municipalities</p>	<p>2.1. % of discarded food as a result of the strengthening of the food quality and safety system in the intervention zone</p> <p>2.2. % of organic material in the soils of the intervention zone **</p> <p>2.3. % of post-harvest losses in the selected municipalities</p> <p>2.4. Number of municipal plans of food self-sufficiency are updated, validated, and monitored in the intervention zone</p> <p>2.5. Number of mechanisms to monitor and evaluate food quality and safety supported by the intervention</p> <p>2.6- Water consumption m3/ton of agriculture production in the selected municipalities</p> <p>2.7. Number of beneficiaries (disaggregated by sex) of adaptation activities, by type of activity.</p>	<p>2018 Will be established with partners once project start</p>	<p>2025 Will be established with partners once project start</p>	<p>ONEI MINAG / CITMA MINAL/ MINCIN INHEM INRH Project reports</p>	<p>Sufficient national and local resources and skills available to implement the updated local plans in a coordinated way</p> <p>Local key stakeholders receptive and committed to combat environmental and climate change risks in agriculture and promote rights-based approach</p> <p>Natural and man-made hazards do not adversely affect project implementation and delivery.</p>
	<p>R3. The articulation of actors in an Integrated Knowledge Management System on resilient and sustainable food production in selected municipalities is upgraded</p>	<p>3.1. Number of products, technologies and/or services which better articulate to respond to local needs in the selected territories disseminated to the relevant actors</p> <p>3.2. Number of local stakeholders (M/F) linked to the SIGC who participate in the Programme of exchanges and training.</p> <p>3.3. Number of actions of Research &amp; Development &amp; Innovations supported as an answer to local prioritized issues.</p>	<p>2018 Will be established with partners once project start</p>	<p>2025 Will be established with partners once project start</p>	<p>MINAG/MES  CITMA Project reports</p>	<p>Sufficient national and local resources and skills available to implement in a coordinated way</p> <p>Local key stakeholders receptive and committed to environmental and climate change risks in agriculture and rights-based approach</p> <p>Natural and man-made hazards do not adversely</p>

							affect implementation delivery.	project and
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**ANNEX II**

on the Commission Implementing Decision on the financing of the annual action programme in favour of Cuba for 2018 2019 part I for theme "Strategic Support to Sustainable Food Security in Cuba" and " Support Measures for Cuba II" to be financed from the general budget of the European Union

**Action Document for Support Measures for Cuba II**

<b>1. Title/basic act/ CRIS number</b>	Support Measures for Cuba II CRIS number: LA/2017/040-080 financed under the Development Cooperation Instrument			
<b>2. Zone benefiting from the action/location</b>	Cuba			
<b>3. Programming document</b>	Multiannual Indicative Programme (MIP) for Cuba 2014-2020			
<b>4. Sector of concentration/ thematic area</b>	Multisector	Multisector		
<b>5. Amounts concerned</b>	Total estimated cost: EUR 500,000 Total amount of EU budget contribution EUR 500,000 The contribution is for an amount of EUR 250,000 from the general budget of the European Union for 2018 and EUR 250,000 from the general budget of the European Union for 2019, subject to the availability of appropriations following the adoption of the relevant budget.			
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality Direct management – Services Indirect management with an EU Member State Agency			
<b>7 a) DAC code(s)</b>	43010 – Multisector aid			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance		X	
	Aid to environment		X	
	Gender equality (including Women		X	

	In Development)			
	Trade Development	X		
	Reproductive, Maternal, New born and child health	X		
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	X		
	Combat desertification	X		
	Climate change mitigation	X		
	Climate change adaptation	X		
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Food security and sustainable agriculture Environment and climate change Sustainable energy Human development: <ul style="list-style-type: none"> <li>• Culture</li> <li>• Gender equality and women empowerment</li> <li>• Children and youth</li> </ul>			
<b>10. Sustainable Development Goals (SDGs)</b>	2 - Zero hunger 5 - Gender equality 7 - Affordable and clean energy 8 - Decent work and economic growth 13-Climate action			

## SUMMARY

The Multiannual Indicative Programme (MIP) for Cuba 2014-2020 foresees a financial envelope of EUR 50 million in three focal sectors: i) Sustainable agriculture and food security; ii) Environment and climate change: Support for a better use of key natural resources for sustainable development; and iii) Support to sustainable economic and social modernisation. Within the MIP, a total of EUR 1 million is set aside for *Support Measures*. A first EUR 500,000 instalment has already been committed.

Support measures are meant to be flexible by nature; the aim is to support the dialogue and implementation of our whole range of cooperation activities. This is why it is formulated broadly. In the context of the implementation of the EU-Cuba Political Dialogue and Cooperation Agreement (PDCA), we potentially touch on sectors beyond our EU-Cuba MIP, like culture. We will also intensify our cooperation in MIP sectors, for example by starting an Energy Dialogue. A further discussion on this is planned for the PDCA's development sub-committee meeting in November in Havana, to which the DG will attend. Finally, next to exploring new sectors and intensifying ongoing activities, we are looking into broadening our engagement with Cuban society beyond the Government, including civil society and the private sector.

What is urgently needed next to the large scale MIP actions are small scale activities like studies, evaluations, audits, communication and visibility, short-term experts' missions, or the organisation and financing of meetings, public debates, and visits of Cuban representatives (Government and civil society) abroad. The Support Measures can achieve a lot in all these areas with limited funds, thus allowing us to take maximum advantage of the new opportunities presented by the PDCA which would not only underpin the implementation of the EU priority sectors in Cuba but would also give stronger emphasis on horizontal issues for the EU cooperation with Cuba such as **culture, health-triangular cooperation, environment and climate change, gender equality and women empowerment** (linked to the implementation of the Gender Action Plan -GAP), **children and youth and civil society** (elaboration and implementation of the *Roadmap for engaging with civil society*), among others, paving the way for future MIP preparation, or any other area of interest for the EU. This Action may also include capacity building activities for the Ministry of Trade and Foreign Investment (MINCEX), the entity that coordinates the international cooperation in Cuba, in order to strengthen their capacities on the different implementation modalities and other related issues and improve our dialogue on cooperation for the next MIP.

## 1 CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area

High import dependency (mainly food and fuel) together with toughening of the USA position on Cuba, the weakening of trade relations with key partners like Venezuela or Brazil and the impact of hurricane Irma have been compounding a situation of high trade deficit (some USD 8 billion), public budget deficit (around 12%), a very low rate of the Foreign Direct Investment (FDI) (less than 5% of GDP), growing (yet unmeasured) inequity, mainly because of a flourishing "Cuban dollar" informal market. Such panorama was coupled with a political transition in 2018 with the new congress and the handing over of President Raul Castro last April towards his vice-president M. Díaz Canel. Also, the impending monetary reunification is one major challenge for the Cuban planned and centralised economy, essential to attract foreign investment, financing and official development assistance (ODA).

In this context, the current objective of the Cuban Government is to reach macroeconomic stability, sustainably boost domestic production and reduce dependency on foreign imports. Today, Cuba still imports around 80% of the fuels largely burnt in low efficiency thermal stations and old fridges, air conditioning and cars. Also around 80% of food consumed is imported, in particular for the Cuban National Food Programme, which provides 50% of nutritional requirements to the 11 million Cubans through the ration card, food prices subsidies and other social programmes, costing the country some USD 2 billion/year (15% of total imports value).

Moreover, what has become evident in Cuba is that the challenge with increasing food and fuel production is not just socio-economic but also environmental. Both are connected with Cuba's COP 21 NDCI's commitments of 24% of grid-energy from renewable sources, half of it from agriculture-sourced biomass. In addition to environmental degradation because of past intensive agriculture practices, Cuba faces great risks of natural disasters due to extreme climate events

like hurricanes, in addition to climate change effects, such as severe droughts, which also bear high environmental as well as social and economic costs.

Cuba has embarked on a significant process of economic modernisation under the impulse of President Raul Castro. These are progressively opening the way to a more market-oriented approach within a centrally planned economy and to greater participation of new economic actors.

This process of modernisation of the economic model took off in 2008 in the agriculture sector. At the end of 2010 some economic activities became eligible for self-employment and the reorganisation and modernisation of the public sector started. A comprehensive package of economic reforms was outlined in a strategic medium term paper called “Guidelines of Economic and Social Policy of the Party and the Revolution” (*Lineamientos*) that was widely consulted with the Cuban population, approved by the Party Congress in April 2011; endorsed by the National Assembly in August 2011; and updated in August 2016.

The Guidelines reflected the political will to maintain social achievements, particularly in health/nutrition and education, whilst strengthening the economic situation. To achieve the latest measures aimed mainly at improving budget discipline and monetary stability (including currency unification); at increasing the country's productivity based on more autonomous State Owned Enterprises and providing a greater space to foreign investors and to new local economic operators; and at reorganising and modernising the administration at central and local level.

The *Lineamientos* include a set of major reforms designed to modernise Cuba's social, economic and administrative model.

The main orientations consist of the following:

- Implementation of the Development Plan up to 2030 including the strategic axis for growth and development.
- Introduction of some market elements while maintaining an economic model based on central planning.
- Guaranteeing sound public finances through, among others, measures aimed at restoring budget discipline and the implementation of a new tax law.
- Modernisation of the Public Administration.
- Support to the growing non-State sector (cooperatives, the self-employed and others) including the access to credits, inputs and equipment.
- Guaranteeing food security through an increase of food production and promotion of local and renewable sources of energy decreasing external dependency in both sectors.
- Separation of State and entrepreneurial functions.
- Decentralisation of competencies towards provinces and municipalities and promotion of local development initiatives.



- Moving from a universal subsidies system based on products to a selective one for the most needed people while guaranteeing universal access to education, health and pensions.
- Increasing the access to foreign investment through the development of a Special Development Zone (Mariel) and the implementation of the new foreign investment law.
- Improvement of the external balance: prioritising the substitution of imports and promotion of exports of goods and services.
- Unification of the two currencies: Cuban Peso (CUP) and Cuban convertible Peso (CUC).
- Ensuring the training of managers of the Public Administration, State enterprises and the emerging small private sector with emphasis in management and business related areas.

The EU is currently accompanying the implementation of some of these measures notably through an Exchange of Experts Programme.

### ***1.1.1 Stakeholder analysis***

The main stakeholders will be national and local government institutions, other donors present in Cuba, international organisations (IOs), actors from the civil society and non-governmental organisations (NGOs), EU member states executive agencies, as well as academic organisations, consultancy firms, amongst others.

The *Support Measures* notably aim at supporting actions in the three priority sectors of EU Cooperation in Cuba and other important horizontal issues such as culture, environment, gender equality, children and youth and civil society participation, among other issues; and will involve any of the above mentioned stakeholders according to relevant themes, potential impact and identified needs. It will also relate to studies and events on the large potential EU-Cuba triangular cooperation, notably in the field of health.

### ***1.1.2 Priority areas for support/problem analysis***

Priority areas for support correspond to the 3 focal sectors of the 2014-2020 MIP, but not exclusively:

#### **Sector 1: Food Security and Sustainable Agriculture**

Cuba relies on imports for most of its food consumption. In this regard, food security is the utmost priority for the country.

In-depth reforms were launched in 2008 *Lineamientos*, reaffirmed in 2017, to increase food security in the country, notably by substituting imports and raising earnings from exports.

However, the *Lineamientos* also reckon that this priority highly depends on environmental constraints, notably because more than 65% of the arable land is affected by soil degradation, and also because climate change has more and more harmful effects on the island domestic food production (droughts, salinization, cyclones, flooding, etc.). Therefore Cuba adopted in 2017 the National Plan to Climate Change Adaptation called “Tarea Vida”.

In spite of the new focus, however, agriculture, livestock and aquaculture contribute less than 5% to the GDP. The agriculture sector is structurally loss making. Agriculture employs about 16% of a mostly urban working population, and food imports still represents an average USD2 billion annually. Agriculture, livestock, fisheries and aquaculture all have the potential to increase production and productivity in a socially inclusive, healthy-nutrition and environmentally sustainable and climate resilient manner.

The challenge for the Cuban government is considerable: improving climate resilience, improving access to quality food for the population in a sustainable and efficient way, transforming a centralised supply-driven system that relies mainly on imports and universal social transfers into another system where improved market forces and private initiatives increase their respective weight, relying further on local production and innovation.

Building on ongoing programmes from previous NIP, the EU Delegation is finalizing the formulation of a EUR 19.6 million programme aimed at food security and sustainable agriculture focused on evidence-based policy dialogues enlightened by innovative local strategies aimed at social inclusion of rural workforce and environmental resilient and sustainable small scale biodiversity-based farming.

### **Sector 2: Environment and climate change: Support for a better use of key natural resources for sustainable development**

In order to reduce its external economic dependence, reduce its vulnerability to climate change, and make a sounder use of its natural resources, the government has prioritised within the *Lineamientos* the promotion of the use of renewable energies and the need to address the environmental and economic challenge of water scarcity and water management inefficiency.

**Water** constitutes a limited natural resource and is unequally distributed throughout the archipelago. The availability and access to water are restrained by various factors, including pollution, inefficient management, not optimised planning and use of water sources and reserves, salinity, the use of obsolete technologies, the deteriorated state of hydraulic networks (almost 60% of the water distributed nationwide via pipes gets lost in the way, representing a loss of over 1,500 million m<sup>3</sup> yearly) as well as of sewerage facilities, and a very limited recycling and re-use of water. Climate change furthermore impacts on the quality of soils and their storage capacity resulting in soil erosion, decreased fertility and further strain on water availability year-wide.

In relation to **renewable energies**, the Cuban government has engaged in a very ambitious plan to modify its energy matrix setting itself the goal of generating 24% of its electricity in 2030 through renewable energy (compared to approx. 4.3% of electricity generated by renewable energy sources in 2013), engendering high interest from investors throughout the world, especially in the current period after the signature of the EU-Cuba Political Dialogue and Cooperation Agreement. The UE and the Cuban Government signed in May 2018 the first Financing Agreement for the cooperation programme 'Support to Cuba's Energy Policy', of a total amount of 18 million euros. This EU Action is designed to make a meaningful contribution to Cuba's energy sector giving equal attention to both, renewable energies and energy efficiency targets. In line with the EU's Agenda for Change and EU priorities in the framework of the

Multi-annual Indicative Programme 2014-2020, the Action is expected to support the Cuban government in the efficient and sustainable management of its energy resources.

This objective will be reached by sharing best practices and providing training to Cuban key actors by experts with "hands on" experience on related energy policy implementation in the sectors of renewable energy and energy efficiency, and by supporting the government in the design and execution of its strategy by attracting international investment in the energy sector.

### **Sector 3: Support to sustainable economic and social modernisation**

The changes that are being implemented in Cuba have been considered as irreversible by national and international analysts and should allow, with a favourable regional context, for a stronger economy based on the development of strategic sectors. Also, laws on foreign investment and taxes should respectively improve the gross capital formation and the spending capacity of the government to maintain the social policies.

The objective of this sector is to contribute to the socio-economic development of Cuba. It aims in particular at accompanying the on-going process of economic modernisation in Cuba through the sharing of best practices and the implementation of measures for the modernisation of public administration. It includes enhancing economic power through private sector equitable space and facilitating foreign trade, while improving the economic dimensions of intelligence and analysis (statistics, registers, modelling) and improving the effectiveness and equity of the tax collection process (extension to different provinces of the "Integrated Management System for Fiscal Administration" and creation of an interactive web application to improve the information provided to citizens. At the request of Cuban institutions, the EU-Cuba Programme for the Exchange of Expertise will indicatively focus on topics like the following: fiscal policy, statistics, local and urban development, economic planning and modelling, production chains, business development, foreign trade and foreign investment. It will also include the justice sector, yet to be identified and formulated, in the dimensions of open government, access to justice and fighting transnational crime and money-laundering.

#### **Key horizontal issues:**

The bilateral EU cooperation with Cuba is complemented with other key horizontal issues, which will be reinforced with these *Support Measures*:

- **Culture:** The EU Delegation, along with the EU Member States represented in Cuba, are formulating an EU Strategy on Culture. The idea is to support culture as an engine for sustainable and economic development; to promote culture and inter-cultural dialogue for peaceful inter-community relations; and to reinforce cooperation on material and immaterial heritage.
- **Environment:** wider than sector 2's attention to renewable energy, the main global challenge of sustainable development and respecting planetary boundaries for coming

generations does not spare Cuba. Besides carbon emissions, the boundaries of biodiversity, fresh superficial water, deforestation, soil nitrate-related degradation, sea level and ocean acidification are already causing major damage and threat to undermine the living hood and very survival of coming generations. The aim is to raise awareness through studies and culture-linked activities (such as documentary prizes and others) and debates, also related to Erasmus+ and H2020 actions.

- **Triangular cooperation:** Cuba’s major potential in triangular cooperation building on its South-South and regional cooperation, especially in the field of health, deserves analysis of opportunities, exchanges, events and studies to explore opportunities for join EU-Cuba actions in third countries.
- **Gender equality and women empowerment:** In the context of the Gender Action Plan for the period 2014-2020, the EU Delegation to Cuba has recently elaborated a Gender Country Analysis, with the support of an external consultant, and a country 'roadmap' will be elaborated along with the EU Member States represented in the country. The idea is to potentially support the implementation of the GAP in Cuba with the *Support Measures*.
- **Children and youth:** The EU Delegation would like to have a 'Children and Youth Action Plan', coordinated with UNICEF and other key actors to promote the rights of children and youth.
- **Civil society participation:** The EU Delegations around the world are encouraged to elaborate or update a 'Roadmap for engaging with civil society'. The EU Delegation to Cuba will like to start this year to update the document drafted in 2014, which was not finally approved by the Member States; and to foresee some activities under these Support Measures that contribute to strengthen EU relationship and dialogue with civil society in the country.

As a mainstreamed methodology, the EU Delegation will use different communication methods or tools for the promotion of development in the country, in the sectors and thematic prioritised.

## 2 ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Deterioration of the political relation between Cuba and the EU	L	PDCA and related committees mitigate the risks of deterioration of the EU – Cuba relationship
N+1 contracting deadline proves insufficient time to contract all funds	L	Financial commitment is done in time so as to allow full use by the N+1 deadline

<b>Assumptions</b>
The Government and the EU maintain their interests and commitment to the cooperation activities

### **3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

This will be the second time that *Support Measures* under bilateral cooperation are adopted in Cuba. Experience has shown, on the one hand, that a precise, structured and bilaterally-undertaken identification and formulation of projects or programmes is the key to a successfully implemented project (i.e.. avoid improvisation or fine-tuning during project implementation); and, on the other hand, that as project implementation unfolds, quite often complementary needs arise for specific evaluation, studies, events, trainings and other capacity-building activities.

Also, it is essential that lessons learnt from both finalised and on-going projects are taken into account when identifying new actions in similar or complementary areas.

Promote and communicate to the general Cuban public on EU cooperation activities in Cuba has been challenging in the past; the situation is evolving favourably and we should take advantage from the currently constructive context. Within this *Support Measures II* Project, the EU Delegation would like to use communication as a tool for development, not only as visibility. The idea is to be more creative using different communication methods in order to raise social awareness on shared challenges, transmit key messages and values on our main priorities of our cooperation so as to promote social and inclusive development.

The *Support Measures II* aim to meaningfully and coherently accompany EU cooperation objectives in Cuba to further enhance the impact and relevance of EU support.

#### **3.2 Complementarity, synergy and donor coordination**

The proposed Action will complement other on-going activities carried out by the EU in Cuba.

#### **3.3 Cross-cutting issues**

The *Support Measures* are designed as complementary activities to on-going cooperation actions and dialogue in Cuba as well as a tool to better identify and formulate new actions. As such, they will provide support to a broad range of projects/ programmes and stakeholders that deal with crosscutting issues such as culture as a driver for inclusive development, environmental sustainability and climate change, triangular cooperation, gender equality women empowerment, and good governance, including civil society participation.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

The purpose of the "Support Measures for Cuba" is to contribute to a more effective and efficient implementation of EU cooperation activities, ensuring that EU-funded actions achieve maximum results, impact and visibility; and to strengthen the dialogue with the partner country on the main sectors and horizontal issues of our cooperation.

The aim is to improve sectoral knowledge by the EU and Cuban counterparts and the provision of technical support to new Actions during the whole project cycle.

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal(s) 5 and 13, but also promotes progress towards Goal(s) 2 and 7. This does not imply a commitment by the country benefiting from this programme.

### **4.2 Main activities**

- I. Studies, short-term technical assistance, trainings, conferences, events, study visits, and other similar activities, on priority and/or complementary areas of EU cooperation in Cuba, such as: environment, gender equality, civil society participation, children and youth, among others.
- II. Cultural activities, events and/or projects: culture as an engine for development and dialogue. It implies a support to the development and implementation of the EU strategy on Culture for Cuba. Under this chapter, the EU Delegation may support the first activities of the foreseen EUNIC (EU National Institutes for Culture) cluster in Cuba, integrated by a large number of the 18 EU Member States represented in the country that are involved in cultural activities.
- III. Communication activities promoting inclusive development on the priorities and complementary areas of EU cooperation in Cuba.
- IV. Evaluation and audits

### **4.3 Intervention logic**

The *Support Measures II* aim to provide a rapid response tool to mobilize resources, whether expertise, logistical support or other, in order to inter alia:

- enable continuous action and dialogue on projects or sectors regardless of the duration of individual programmes, whether through short-term technical assistance, studies, evaluations, events, etc.
- undertake actions of cross-sectoral relevance that cannot always be linked to one specific action,

- deepen the understanding of the impacts of the country’s social, economic and financial context along with specific needs or requests,
- strengthen institutional capacity,
- help in the identification and formulation of new projects and programmes to be financed by the EU,
- improve the EU Delegation's communication on EU-Cuba cooperation priorities.
- provide the EU Delegation in Cuba with a rapid and coherent support system in view to support the achievement of the objectives set in the MIP.

## 5 IMPLEMENTATION

### 5.1 Financing agreement

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

### 5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments.

### 5.3 Implementation modalities

Both in indirect and direct management, 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 affecting the respective countries of operation<sup>1</sup>.

#### 5.3.1.1 Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical assistance, studies, evaluations,	Services	10	All throughout

<sup>1</sup> [https://eeas.europa.eu/sites/eeas/files/restrictive\\_measures-2017-04-26-clean.pdf](https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf)

trainings, seminars, meetings, conferences, events, project identification/formulation, study visits, and similar activities			2019 and 2020
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### 5.3.1.2. Indirect management with an EU Member State agency

A part of this action may be implemented in indirect management with one of the following agencies: Agencia Española de Cooperación Internacional y Desarrollo (AECID), Camoes or the British Council. This implementation entails leading the coordination of the cultural activities and events in representation of EUNIC cluster in the country, in full coordination with the other Member States that are part of EUNIC. This implementation is justified because EUNIC clusters have no legal status of their own, so the partnership with the EU Delegations is being delivered by pooling their resources through different contracting formulas with EU Delegation. This involves one member of the cluster signing the contract on behalf of the cluster. One of these formulas is the Pillar Assessed Grant of Delegation Agreements (PAGODA), but the limitation is that only three EUNIC members have such status: British Council, Camoes and AECID. Nevertheless, this modality would be the preferred one, as it implies coordinated definition of the activities between the EUNIC cluster and the EU Delegation.

The entrusted entity would carry out the following budget-implementation tasks: conducting procurement and managing the resulting contracts, carrying out payments to contractors and recovery of undue payments.

## 5.4 Scope of geographical eligibility for procurement and grants

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

In accordance with Article 8(3) of Regulation (EU) No 236/2014 tThe Commission decides that natural and legal persons from the following countries, territories or regions shall be eligible for participating in procurement and grant award procedures: CELAC member states. The supplies originating there shall also be eligible.

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



## 5.5 Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution</b>
5.4.3.2. – Procurement (direct management)		
I. Technical assistance, studies, evaluations, trainings, seminars, meetings, conferences, events, project identification/formulation, study visits, and similar activities	200,000	
II. Culture for development	100,000	
III. Communication and visibility for development	100,000	
IV. Evaluation and audits	100,000	
<b>Totals</b>	<b>500,000</b>	

## 5.6 Organisational set-up and responsibilities

The EU Delegation to Cuba will be in charge of the general coordination of this Programme, to ensure coherence with the overall bilateral cooperation programme and with the political dialogues carried out with the Government and the EU Member States.

One of the components may be implemented by an EU Member States under indirect management, so a great coordination will be ensured between the Member States and the EU Delegation in the definition of the cultural activities under this component and the implementation. A working group on culture among the EUNIC Members and the EU Delegation will be established and the role of each one will be carefully defined. The level of coordination within EU MS on culture is already high, as the EU counsellors for culture are meeting monthly within the EUD premise.

## 5.7 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action,

difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logical framework matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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

## **5.8 Evaluation**

Having regard to the nature of the action, an evaluation will not be carried out for this action or its components.

In case an evaluation is not foreseen, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The evaluation reports shall be shared with the partner country and other key stakeholders. 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.

## **5.9 Audit**

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

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

## **5.10 Communication and visibility**

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

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The updated *Requirements on Communications and Visibility in EU-Financed External Actions* that entered into force on 1 January 2018 shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.