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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX 1

of the Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of Kenya for 2021

Action Document for Business Environment and Export Enhancement Programme (BEEEP)

ANNUAL PLAN

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

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Business Environment and Export Enhancement Programme (BEEEP) CRIS number: NDICI AFRICA/2021/043-189 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Part of the Team Europe Initiative on Human-Centred Digitalisation and Part of Team Europe Initiative Green Deal
3. Zone benefiting from the action	Kenya The action shall be carried out at the following location: the whole of Kenya but primarily in the following counties: Kajiado, Kilifi, Machakos, Nakuru, Nairobi, Makueni, Uasin Gishu, Laikipia, Kakamega, Garissa, Kisumu and Mombasa
4. Programming document	Kenya Multi-Annual Indicative Plan 2021-2027
5. Link with relevant MIP(s) objectives / expected results	Specific objective 1.2: A stronger and more inclusive economic growth, built on practises which are climate resilient and preserves biodiversity Expected result 1.2: Businesses, exports and investments contribute increasingly to green growth and decent jobs.
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Priority Area 2: Leave no one behind – Human Development & Digital Inclusion
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 8 – Decent work and Economic Growth Other significant SDGs (up to 9) and where appropriate, targets: SDG 5 – Gender equality SDG 9 – Industry, Infrastructure and Innovation

	SDG 12 – Responsible production and consumption			
8 a) DAC code(s)	250 Business & Other Services 25010 Business policy and administration 25040 Responsible business conduct 33110 Trade policy and administrative management			
8 b) Main Delivery Channel @	20000 NON-GOVERNMENTAL ORGANISATIONS (NGOs) AND CIVIL SOCIETY			
9. Targets	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @ Tags: digital connectivity	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>

	digital governance digital entrepreneurship job creation digital skills/literacy digital services		<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
	Connectivity @ Tags: transport people2people energy digital connectivity	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities (methodology for marker and tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): BGUE-B2021-14 02 01 21-C1-INTPA Total estimated cost: EUR 25 050 000 Total amount of EU Budget contribution: EUR 25 000 000 This action is co-financed in joint co-financing by TradeMark East Africa for an amount of EUR 50 000			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Indirect management with TradeMark East Africa			

1.2 Summary of the Action

Exports are essential for the Kenyan economy. People's jobs and livelihoods depend on it. At the same time there is still ample opportunity to increase the country's income from export of goods through value addition and to create an increased demand for its products, thus developing space for a larger supply which will generate necessary new jobs, reduce poverty, and alleviate the pressure of the debt situation the country is in.

The EU is one of Kenya's most important export destinations. With this action the EU will confirm its roles as one of the main interlocutors of the Kenyan government in relation to trade, investments and economic development. The upcoming implementation of the Economic Partnership Agreement and the EU's intensive support to the establishment of the African Continental Free Trade Area (AfCFTA) are at the core of this. The design of the action will allow for thorough policy dialogue with the Government on trade, economic and business-related issues and will support the stronger more political strategic dialogue and relationship Kenya and the EU are aiming for.

The activities that will be deployed are founded in a transformative holistic approach that envisages to strengthen the whole eco-system around certain export oriented value chains. The action will make them more inclusive and more sustainable by incorporating principles of circular economy and taking the interests of women and youth in their diversity into account, and create a business enabling environment that will help existing business grow, and make Kenya a more attractive investment destination. The selected export oriented value chains will be in sectors

where the EU and its private sector have a comparative advantage, albeit that the export destinations will not be exclusively in the EU. Promotion of regional trade is important for the Kenyan economy.

Two focus areas can be distinguished in the action, which relate on one hand to improving logistics, increasing the competitiveness of Kenyan goods in selected value chains and creating wider market access, with a strong component of sustainability. The other component focuses on the government's regulatory environment and implementation of a restructured business related processes both at national and county level, and the push back of business related corruption within governmental agencies, by inter alia introducing more digital tools to replace manual in-transparent processes. There are strong links between this action and the Team Europe Initiative on Human-Centered digitalization. The common denominator in all the activities is to make doing business in Kenya easier, cheaper, sustainable, more transparent and fair.

2 RATIONALE

2.1 Context

Kenya is a lower-middle income country with a population of 52 million inhabitants. Prior to the COVID-19 pandemic, it had enjoyed a period of reasonably steady economic growth, with annual average GDP growth of 5.7% (2015-2019) dropping to 1.5% in 2020, with a GDP of around 90 billion Euro.

Unemployment figures stood at around 8% nationally, and over 15% for youth, but with a large informal sector this is difficult to quantify. Unemployment is higher for women than men, with only 30% of women involved in paid work.

In absence of rich mineral deposits like other countries, Kenya struggled, particularly since opening up its markets in the early 2000s for third country imports, with maintaining its trade balance, the country in 2019 had a KES 1.3 trillion (12 billion EUR) trade deficit against. Kenya's export performance has been lagging, growing at an average of 5% only over the period 2010 to 2019.

Kenya's export base is narrow, with the eight broad categories of products accounting for 66% of total exports in 2019 – Horticulture (24%), Tea (22%), Textile and apparel (7%), mineral products (5%), coffee (4%), agro-processed products (3%) and pharmaceutical products (2%). The destination markets are also quite narrow with the following regions or countries accounting for 82% of Kenya's exports in 2019 – EAC (23%), EU 27 (22%), Middle East (11%), COMESA (10%), US (9%) and Pakistan (8%).

The government considers trade and investment as one of the main pillars for economic growth, and aspires to lower the trade deficit by increasing local value added production for both import-substitution and increased exports, while at the same time improve the business enabling environment to become a more attractive investment destination.

Much work has been done on the government policies and processes that enable investments and private sector operations. Nevertheless, Kenya scores still relatively low in the World Bank Ease of Doing Business index¹ and other indices in certain areas such as a "starting a business" (129), "trading across borders" (117) and "paying taxes" (94). Legislation, policies and processes in these areas still put a large burden on the private sector which prevents investments to happen, the economy to grow, and jobs to be created. Challenges to start and do business are heavier for women: women's businesses tend to be smaller, with lower capital investment and often informal. Social norms contribute to women's discrimination in the sector, given that entrepreneurial activities are perceived as male. Lastly, Kenya features in the lower part of the corruption perception indices and rankings related to business practices (124 out of 180).

The Kenya Government, in support of the export led growth policy, has over the years pursued a number of export incentives, including membership of different regional trade communities and the conclusion of an Economic Partnership Agreement with the EU and has fully embraced the African Continental Free Trade Area (AfCFTA).

¹ On 16 September 2021, the WBG announced that it decided to discontinue the Ease of Doing Business index.

Despite the legal framework being there, Kenya has not been able to fully profit from the market access these agreements bring. Kenyan goods lack competitiveness and for many goods it is difficult to define their competitive advantage or unique selling proposition, as is shown in the World Economic Forum Competitiveness index in which Kenya was placed 95th out of 140 countries.

Even with significant strides in promoting an export led growth model, gender inequality remains a key concern for Kenya as identified in the 2019 National Policy on Gender and Development. For example, in the horticulture value chain, it is estimated that 75% of women make up the workforce and yet the social disparities between men and women have increased.

With regards to Team Europe Initiatives (Digitalisation and Green Deal), the commitment of the EU's contribution to the Team Europe Initiatives foreseen under this action will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners' meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

Finally, Kenya is a signatory to the Paris Agreement on Climate Change and is committed to transform its economy into more climate resilient and sustainable development pathways. This will also have an impact on different value and logistical chains and the use of existing infrastructure.

2.2 Problem Analysis

Short problem analysis:

Kenyan economic growth in general, but particularly the recovery from the slowdown due to COVID-19, needs a strong increase in export of locally produced goods. This export will not only provide the country with the necessary foreign exchange, but more importantly create new jobs at different levels, primarily for lower skilled workers, in particular women and youth.

Increased export to support economic growth goes hand-in-hand with a more welcoming investment climate.

Three areas for support have been identified, which are reflected in the specific objectives of the action.

Firstly, support is necessary in improving the competitiveness of Kenyan goods for external markets not only by streamlining of value and logistical chains to increase efficiency and quality of goods but also in support of the actual creation of external markets or expanding those that already exist. An important element of this support should also be to create awareness and action to make production and supply chains more environmentally sustainable, including circular economy principles where possible, and more inclusive in terms of the types of jobs and women and youth in their diversity.

A second area of support is envisaged in the trade environment. This links closely to the first area as it should aim at lowering the external costs of doing business related to trade. This should include support to more efficient logistics in the port, streamlining of government services in this respect and automation of process to increase the speed of handling of goods.

The implementation of such activities should take principles of sustainability into account as road transport is one of the bigger contributors to carbon emissions, in Kenya as in many other countries.

General support to transformative changes in government laws, regulations and procedures that form the backbone of the relevant business environment is the third area. It is essential to also address issues leading to higher cost and long waiting times to deal with government requirements. Support should be focused on those areas in the Ease of Doing Business Index that are still lagging behind. Support in this respect should not be limited to the national level, as the 47 counties play an important role in regulating business action.

An import issues in the improvement of the business environment is the fight against corruption. Particularly the introduction of new automated platforms to replace manual processes should be at the centre of the action. Many issues related to corruption have been identified in the Corruption Perception Index, which will be leading in the formulation of the intervention.

Finally, while Kenya has several key policies and frameworks, these have not translated into equitable participation of women in manufacturing. Existing gender inequalities in the manufacturing sector need to be addressed by careful consideration and a gender lens in policy formulation and implementation, while ensuring that working conditions are fair and just and with strengthening of other social welfare policies.

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

Duty bearers relevant for this action are the State Department for Trade and Enterprise Development, and State Department for Industrialisation, the Ministry of Agriculture, Livestock, Fisheries and Cooperatives, and the Ministry of East Africa Community and Regional Development, including the different agencies and authorities attached to these departments, such as the Agriculture and Food directorate, the Kenya Plant Health Inspection Service (KEPHIS), the Kenya Bureau of Standards (KEBS), the Kenya Ports Authority, the Kenya Export Promotion and Branding Agency, the Kenya Trade and Logistics Network and the Kenya Revenue Authority. These government stakeholders cooperate together in export delivery structures comprise value chain specific Government Multi Agency teams.

Stakeholders outside the government sphere can be found in the private sector organisations like the Kenya Private Sector Alliance (KEPSA), the Fresh Produce Exporters Association of Kenya (F-PEAK), the Kenya Association of Manufactures (KAM), Women in Manufacturing, Agriculture Sector Network (ASNET), the Kenya National Chamber of Commerce and Industry (KNCCI) and other professional bodies, but also the Council of (County) Governors. Next to these organisations, beneficiaries of the action will be key exporters, growers, contract farmers and processors, with a specific focus on women. These private sector stakeholders are defined by the Export Supply Hubs where private sector associations sign up to joint response to the destination market opportunities and rally their members to invest and export.

Civil society rights groups focusing on women and youth participation, and, when relevant including those with disabilities, in economic activities will be actively involved to ensure responsiveness to their rights and needs, as well as, where relevant, organisations focused on sustainable trade and climate smart agricultural production.

The direct beneficiaries are the general public, small and medium enterprises (SMEs), Manufacturers and investors.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The overall objective of the action is

Increased green economic growth and creation of decent jobs

For specific objective one, the action will focus only on certain goods and supply chains. Tentatively, these will be Mangoes, Avocado's, Coffee, Flowers and Fresh produce, aligned with the INEPDS. However, during the further development of the programme, choices will be made to limit the number of supply chains to 2 or 3, to ensure an impactful and transformative intervention.

Specific Objective 1:

Increased and diversified trade in goods in selected value chains

Output 1.1 Enhanced efficiency, reliability and green orientation of supply chains

Output 1.2 Increased supply and demand of locally produced goods for selected value chains

Specific Objective 2:

Reduced trading times and costs

Output 2.1 Improved efficiency and environmental sustainability of transport infrastructure

Output 2.2 Improved and more transparent trade systems and procedures.

Output 2.3 Improved trade regulatory environment.

Specific Objective 3:

Enhanced business climate

Output 3.1 Improved ease of doing business at the national and sub-national levels

Output 3.2 Better private sector led (and evidence based) advocacy

Output 3.3 Improved Transparency and reduced corruption levels in the public sector

3.2 Indicative Activities

Activities related to Output 1.1 and 1.2

establishment of export consortia towards promoting SMEs entry into export business; marketing of Kenya as a preferred source of the products in the target value chains; support to Kenya Export Promotion and Branding Agency (KEPROBA); promote implementation of circular economy business models; operationalization and strengthening of the Government multi-agency teams, the private sector export supply hubs and performance accountability platforms for national level support of program implementation; active outreach to private sector players in the selected value chain to educate on labour rights and the participation of women, youth and people with disability and support in implementing the potential changes to increase the latter where feasible and applicable ; strengthening linkages between stakeholders in the supply chain to boost efficiency; implementing efficient low-carbon logistics solutions to boost competitiveness of Kenyan exports/products; development of e-commerce and digital trade solutions to provide an online platform for Kenya's products in the global market place; developing ICT solutions to strengthen market intelligence, access to information and linkages between players; technical assistance in development of financial products to the targeted sector; installation of post-harvest treatments to address SPS issues (e.g. hot water treatment plants) but also quality and technical standards; implementation of third party assurance schemes; and support towards preparation for establishment of a green economic zone and trade logistics centre (TLC) in Kilifi.

Activities related to Output 2.1, 2.2 and 2.3

Indicative activities would include: the streamlining of port operations with implementation of the inter alia Service Level Agreement (SLAs); implementation of the Kenya Ports Authority's (KPA) Environmental Management System; and review of KPA gender policy and development of implementation action plan; implementation of a more efficient and climate friendly traffic management system at the Port of Mombasa and Nairobi inland Container Depot; technical support in master planning and logistic operationalisation of Naivasha dry port; technical and other support for enhancement of National Single Window System; design and implementation of a digital platform for the Kenya Transport and Logistics Network (KTLN); monitoring implementation of Trade Agreements signed by Kenya; development and implementation of a Kenya Exports Non-Tariff Barrier Resolution Framework; and Policy reforms on implementation of the nation export strategy, green freight transport corridor strategy, industrialization policy especially on SEZs and agro-processing, and regional value chains.

Activities related to Output 3.1, 3.2 and 3.3:

Indicatively the activities could entail technical support to the Department of Business Reforms and Transformation to oversee development, coordination and implementation of the reform activities; supporting public-private sector dialogue (PPD) platforms for Private Sector and Civil Society Organisations , including women's organizations, at National and County levels; support the government in implementing and disseminating the UN Guiding Principles on Business and Human Rights and provide guidance to businesses on their

responsibility to respect human rights throughout their operations; reengineering business registration processes making them more transparent and accessible to all; review and analysis of Corruption Perception Index's 9 data sources; development of a Kenya centric Corruption Perception Index Study; development of practical interventions to address corruption in the areas and aspects identified related to the business environment; embracing the use of Information and Communication Technologies (ICT) solutions in delivery of government services while addressing the gender digital divide and digital barriers posed to other groups (people living with disabilities, minority communities, etc.); and, enhancing participatory design to ensure the interest of women, youth and people with disabilities are taken into account to the extent possible and relevant, planning, results framework and monitor for public projects in support of businesses.

3.3 Mainstreaming

Environmental Protection & Climate Change

Outcomes of the SEA screening (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

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

The EIA (Environment Impact Assessment) screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design)

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

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

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality and women's rights are mainstreamed as much as possible and included in the design of the activities when possible and relevant

Human Rights

The action is related to the Kenya's Human Rights strategy and the relevant articles in the Constitution related to this. More particularly the 2019 "National Action plan on Business and Human Rights" will provide the necessary guiding principles in the implementation of the action. This plan is the national implementation of the UN guiding principles on business and human rights

Specific objective 5 on enhancing the fight against corruption and impunity is in line with top priorities of the HRCS on corruption prevention, governance and the rule of law envisaged in the National Human Rights Policy and Action Plan which identifies it as very negatively affecting access to resources.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the rights and interest of people with disabilities will be taken into account when designing the different activities, e.g. in relation to access of governmental services, but there are no specific activities foreseen for this group

Democracy

The action will support more transparent and efficient business related government processes, also e.g. by addressing issue of corruption stemming from the Corruption perception index.

Conflict sensitivity, peace and resilience

n/a

Disaster Risk Reduction

n/a

Other considerations if relevant

n/a

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1	Slower than expected global economic recovery due to prolonged COVID-19 pandemic	M	M	<ul style="list-style-type: none"> Ensure intervention/action is adaptive to the gradual economic recovery globally. This will support the resilience of targeted value chain through economic shocks
1	Disruptions to domestic economic activity due to the COVID-19 pandemic	M	M	<ul style="list-style-type: none"> Ensure flexibility in the proposed intervention, taking into account economic activity disruption and pattern of COVID-19 restrictions in Kenya. Interventions will factor in possible COVID-19 restrictions during periods of upsurge in COVID-19 cases
1	Upcoming general elections in 2022 resulting in changing stakeholder relationships with the Government of Kenya	M	M	<ul style="list-style-type: none"> Leverage on the existing collaborative network which includes strong relationships at all levels of government. Design of the workplan will take into consideration the election period.
1	Climate Change risks to agricultural sector and infrastructure	M	L	<ul style="list-style-type: none"> Promoting adaptation approaches to supply chains e.g., climate smart agriculture and climate proofed infrastructure
	Blockage in the global supply chain	L	M	<ul style="list-style-type: none"> Intervention will include development of alternate supply chains. Incorporate technology for resilience (efficiency and responsiveness to global supply needs and to overcome bottlenecks) in Kenya's export trade, and information dissemination
1	Weather related shocks disrupt target value chains	L	M	<ul style="list-style-type: none"> Incorporate climate resilient interventions to reduce impact of severe weather on agriculture trade
1	Political risk: Government good will to implement	M	M	<ul style="list-style-type: none"> Dedicated priority area for Government for the last 6 years and any future transition in Government is

	sustainable reforms that will address the perennial challenges faced by businesses.			likely to ride on the momentum and strides made thus far.
1	Policy risk – Predictability of National and Sub National policy that could hinder investor confidence and planning.	M	L	Ensure implemented reforms are embedded within the legal and regulatory framework.
3	Reform sustainability – buy in of the Partner Government agencies and other stakeholders.	L	M	Dedicated Department of Business reforms and Transformation and its collaborative working model draws on the capacity of all partner government agencies.

Lessons learnt

This action is based on the experience and lessons learnt in efforts to spur economic development over the past years, more particularly in promoting export of high-quality value-added goods. Furthermore, the formulation of this action has been guided by international examples and reports from international organisations on the ease of doing business and perceived corruption.

One of the indices that the Government of Kenya has been addressing since 2014 is the Ease of Doing Business Report, that is published by the World Bank, where notable reforms in the business climate have been realized leading to the improvement by Kenya from position 136 in 2014 to position 56 out of 180 countries globally in the current Ease of Doing Business Report of 2020. To achieve this, the Government has been developing and implementing reforms every financial year to address challenges in the business climate, especially in areas highlighted in the aforementioned Report. Every successive year, the Government has learnt from the performance of the previous cycle and proceeded to develop reforms to address bottlenecks that have remained partially implemented from the previous cycle or to address new challenges that have arisen in the business climate, the recent report on the achievements in the period 2014-2020 has been published and used as a baseline for this action.

Lack of coordinated private sector response to export opportunities is also another lesson learnt during inception of the INEDPS. Lessons from countries that embraced export consortia as a platform for a coordinated private sector response to export opportunity demonstrate that a coordinated private sector can deliver on the targeted exports.

On the latter, the experiences in other countries (primarily in Southeast Asia) demonstrate that a coordinated private sector can significantly contribute to export growth.

The 2017 Aid for Trade Global Review highlighted that Aid for Trade would advance delivery of the SDGs by addressing capacity and trade-related infrastructure constraints of developing countries.

Lastly, the evaluations and other lessons learnt of the EU funded project and programmes mentioned in section 3.2 will be taken into account.

3.5 The Intervention Logic

The underlying intervention logic for this action is that the design of the action allows for a unique export-oriented value chain ecosystem approach. Activities at the production level, logistics, infrastructure and regulatory framework taking away barriers to trade at both national and county level, combined with a trade promotion focus. This conceptual underlying framework where both private and public sector will be involved will allow for a real coordinated approach in taking away hurdles and bottlenecks for growth. The essence of the action is to create a stronger business enabling environment with a focus on the demand side of the export-oriented part of the economy (i.e., key value chains).

The close involvement of key ministries, and the direct support provided to them will give ample opportunity for the EU and the Member States to engage in policy dialogue on the topics related to this action. Furthermore, it will also allow the participation of the EU private sector in these engagements.

The nine identified outputs reflect this holistic approach. In order to increase the supply of trade in goods (special objective one) it is necessary to make them more competitive by lowering the cost of doing business and make supply more reliable. Increasing the efficiency of the supply chain is one way to achieve this. But at the same time, if there is no demand for Kenyan goods, there will never be increased trade, hence one of the outputs is demand focused. However, the other side of the coin would be that even if demand is increased without growth in supply increased trade will never happen. Increased trade as such has a direct positive effect on economic growth reflected in the overall objective of the action.

One of the other cost elements are the time it takes for cargo to reach its destination, infrastructure, systems and legal procedures to be followed all impact dwell time. The outputs in the second specific objective all contribute to lowering this time. Less time means less costs and a more attractive trade and investment environment, which contributes to economic growth.

The last specific objective evolves around making it easier, and hence cheaper to do business. Involvement of the private sector in this is essential, as they are best aware where bottlenecks are. If government engagement is more transparent, fair and quicker, the costs related to this type of interaction will go down, with a positive effect on demand for Kenyan goods and an upward result in economic growth, the overall objective of this action. Finally, contributing to greener growth is an overarching element of all outputs.

For sustainable and inclusive prosperity, increasing trade affects the economy in such a way that it reduces poverty. Especially for those working in geographical regions most affected by international trade. Reasonable accommodation will be provided to include the interests of women, youth and people with disability Growth in exports create employment and economic growth. The key necessary elements for increasing trade are improving business competitiveness of the locally produced goods and elimination of non-tariff barriers to trade. The private sector must be able to compete in the global market to take advantage of trade opportunities.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	Increased green economic growth and creation of decent jobs.	<ol style="list-style-type: none"> 1. Number of new full-time (equivalent) green jobs sustained / created (disaggregated by sex, age, and disability status of jobholder). 2. Percentage change in contribution to agricultural Gross Domestic Product (GDP) of selected value chains (disaggregated by value chain). 			<p>Baseline and endline survey of firms in selected value chains (ind. 1 and 2)</p> <p>Kenya National Bureau of Statistics (ind. 2)</p>	<i>Not applicable</i>
Outcome 1	<i>Increased and diversified trade in goods in selected value chains.</i>	<ol style="list-style-type: none"> 1.1 Change in annual exports of goods in the selected value chains (in USD) (disaggregated by value chain, sex, disability and firm-size). 1.2 Proportion (%) of goods exported in the selected value chains meeting green certification standards (disaggregated by value chain, sex, disability and firm-size). 			<p>Kenya National Bureau of Statistics (ind. 1.1)</p> <p>Baseline and endline survey of firms in selected value chains (ind. 1.1 and 1.2)</p>	<p>Kenya produce will remain competitive in international markets.</p> <p>Firms/value chain players are willing to participate in the green certification process.</p>
Outcome 2	<i>Reduced trading times and costs.</i>	2.1 Cost to trade in goods in USD per twenty-foot equivalent unit (TEU) aggregated across nodes, routes and process points of EU intervention in Kenya (calculated as weighted average and variability of cost) (disaggregated by route and value chain)			Trade and transport studies (ind. 2.1 and 2.2)	Trade infrastructure is maintained and well-utilized by the transport industry.

		2.2. Aggregate time in hours per twenty-foot equivalent unit (TEU) to traverse determined nodes, routes and process points of EU intervention from acceptance by a carrier to when the cargo leaves Kenya (disaggregated by route and value chain)				
Outcome 3	<i>Enhanced business climate</i>	<p>3.1 Change in World Bank Ease of Doing Business ranking for Kenya².</p> <p>3.2 Change in Kenya's ranking in the Corruption Perception Index</p> <p>3.3 Number of gender-friendly business environment reforms supported by the intervention</p>			<p>World Bank Ease of Doing Business Report (ind. 3.1)</p> <p>Transparency International Corruption Perception Index (ind. 3.2)</p>	<p>Improving on the WB EoDB rankings remain a priority for the Kenyan Govt.</p> <p>Anti-corruption measures will be embraced by the Kenyan Govt.</p>
Output 1 related to Outcome 1	1.1 Enhanced efficiency, reliability and green orientation of supply chains	<p>1.1.1 Number of Micro, Small & Medium Enterprises reporting the adoption of Sustainable Consumption and Production practices with the support of the EU intervention (disaggregated by value chain, sex, disability, and firm-size)</p> <p>1.1.2 Number of Micro, Small & Medium Enterprises that obtain firm-specific sustainability standards certification with the support of the EU intervention (disaggregated by value chain, sex, disability, and firm-size)</p> <p>1.1.3 Number of recommendations on efficient, low-carbon and green interventions implemented with the support of the EU intervention in logistics and selected value chains.</p>			<p>Annual survey of firms in selected value chains (ind. 1.1.1)</p> <p>Annual survey of firms in selected value chains (ind. 1.1.2)</p> <p>Baseline and endline climate study in logistics and selected value chains (ind. 1.1.3)</p>	<p>Micro, Small & Medium Enterprises are willing to conform and adopt Sustainable Consumption and Production practices.</p> <p>Low-carbon and green measures will be adopted by value chain players.</p>

² On 16 September 2021, the WBG announced that it decided to discontinue the Ease of Doing Business index. An alternative indicator will be sought with the government

<p>Output 2 related to Outcome 1</p>	<p>1.2 Increased supply and demand of locally produced goods for selected value chains</p>	<p>1.2.1. Value (USD) of trade in selected value chains facilitated by the EU-funded intervention (disaggregated by value chain, sex, disability, and firm-size)</p> <p>1.2.2 Number of export contracts facilitated by the EU-funded intervention in the selected value chains (disaggregated by value chain, sex, disability, and firm-size)</p>			<p>Annual survey of firms in selected value chains (ind. 1.2.1)</p> <p>Annual survey of firms in selected value chains (ind. 1.2.1)</p>	<p>Kenyan companies continue to produce goods which are in demand regionally and internationally</p>
<p>Output 1 related to Outcome 2</p>	<p>2.1 Improved efficiency and environmental sustainability of transport infrastructure</p>	<p>2.1.1 Level of implementation of Service Level Agreements (SLAs) signed between Kenya Port Authority (KPA) and the Port Stakeholders facilitated by the EU-funded intervention</p> <p>2.1.2 Level of implementation of Standard Operating Procedures (SOPs) at the Port facilitated by the EU-funded intervention.</p> <p>2.1.3 Status of development of a Master Plan and Logistic Strategy for Naivasha Dry Port facilitated by the EU-funded intervention</p> <p>2.1.4 Status of certification on the Environmental Management Systems (ISO 14001) and Occupational Health and Safety Management Systems (ISO 45001) at the Port facilitated by the EU-funded intervention.</p>			<p>Kenya Ports Authority (KPA) (ind. 2.1.1)</p> <p>Kenya Ports Authority (KPA) (ind. 2.1.2)</p> <p>Kenya Ports Authority (KPA) (ind. 2.1.3)</p> <p>Kenya Ports Authority (KPA) (ind. 2.1.4)</p>	<p>The implementation of and adherence to SLAs, SOPs, and ISOs will be prioritised by KPA and other key stakeholders at the Port.</p> <p>KPA and other key stakeholders at the Port prioritise monitoring performance against agreed Key Performance Indicators.</p>

		2.1.5 Proportion (%) of agreed Key Performance Indicators (KPIs) attained by Kenya Ports Authority facilitated by the EU-funded intervention.			Kenya Ports Authority (KPA) (ind. 2.1.5)	
Output 2 related to Outcome 2	2.2 Improved and more transparent trade systems and procedures	<p>2.2.1 Status of the development of National electronic Single Window System (NeSW) facilitated by the EU-funded intervention.</p> <p>2.2.2 Number of export and import processes/procedures digitised and connected to the NeSW facilitated by the EU-funded intervention.</p> <p>2.2.3 Status of digitisation of Kenya Transport and Logistics Networks (KTLN) developed facilitated by the EU-funded intervention.</p>			<p>KENTRADE (ind. 2.2.1)</p> <p>KENTRADE (ind. 2.2.2)</p> <p>Kenya Ports Authority (KPA) (ind. 2.2.3)</p>	<p>Firms will access and use the NeSW.</p> <p>Logistics players will access and use the digitalized Kenya Transport and Logistics Networks</p> <p>Kenya Pipeline Company (KPC) and Kenya Railways will seamlessly merge to form KTLN</p>
Output 3 Related to Outcome 2	2.3 Improved trade regulatory environment	<p>2.3.1 Number of policy reforms relating to regional and international commitments, national export strategy, export competitiveness, green corridor, industrialisation, and regional value chains that are implemented with the support of the EU-funded intervention (disaggregated by type of reform)</p> <p>2.3.2 Number of NTB resolution frameworks for exports developed with the support of the EU-funded intervention.</p>			<p>Project monitoring of implementation of policy reforms (ind. 2.3.1)</p> <p>State Department for Trade (ind. 2.3.2)</p>	The Kenyan Government remains committed to reform and will implement the recommended policy recommendations and frameworks
Output 1 Related to Outcome 3	3.1 Improved ease of doing business at the national and sub-national levels	3.1.1 Number of steps required to register a new business as a result of the EU-funded intervention.			Business Registration Services (ind. 3.1.1)	

		<p>3.1.2 Number of days to obtain construction permits as a result of the EU-funded intervention</p> <p>3.1.3 Number of days to process and pay tax refund claims as a result of the EU-funded intervention.</p> <p>3.1.4 Number of reforms recommended by a diagnostics study implemented with the support of the EU-funded intervention.</p>			<p>National Construction Authority</p> <p>National Environmental Management Authority</p> <p>Nairobi City Water and Sewerage Company</p> <p>Nairobi Metropolitan Services (ind. 3.1.2)</p> <p>Kenya Revenue Authority (ind. 3.1.3)</p> <p>Project monitoring of implementation of recommended reforms (ind. 3.1.4)</p>	<p>Business regulations in areas not covered by the intervention remain stable and do not become more onerous on businesses, thereby negating any gains made through achieving this output.</p>
<p>Output 2 Related to Outcome 3</p>	<p>3.2 Better private sector led (and evidence based) advocacy</p>	<p>3.2.1 Number of private-sector led policy positions developed with support of the EU-funded intervention.</p>			<p>Project monitoring of policy papers developed (ind. 3.2.1)</p>	<p>Private sector led policy positions and recommendations will be attractive to Government and will be implemented.</p>
<p>Output 3 Related to Outcome 3</p>	<p>3.3 Improved Transparency and reduced corruption levels in the public sector</p>	<p>3.3.1 Number of recommendations from the Kenya Corruption Perception</p>			<p>Project monitoring of implementation</p>	

		Index Study implemented with the support of the EU-funded intervention.			of recommendations from the study (ind. 3.3.1)	
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4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

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

4.2 Indicative Implementation Period

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

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

4.3 Implementation of the Budget Support Component

N/A

4.4 Implementation Modalities [applicable for Project modality or for complementary support to a BS]

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.³

4.4.1 Indirect Management with an international organisation

This action may be implemented in indirect management with TradeMark East Africa.

The envisaged entity has been selected using the following criteria:

- Proven successful track record in the field of trade facilitation and export promotion in the broadest sense of the word
- In-house expertise and operational capacity present in Kenya
- Well established contacts with the relevant agencies, departments and ministries of the Government of Kenya with the ability to organise policy dialogue which would include the EU.
- Transparent governance structure

The implementation by this entity entails the whole action.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in indirect management with a Member State agency. The implementation by this alternative entity would be justified because

³ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

of the following criteria: involvement of such Member State agency in the implementation of similar projects, or as an existing donor of TradeMark East Africa.

4.4.2 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

In case it is not possible to conclude an agreement with an international organisation (4.4.1) or a replacement member state organisation due to circumstances beyond the control of the Commission, the alternative implementation modality in direct management will be grants.

Grants: (direct management)

(a) Purpose of the grant(s)

The grant would cover all outcomes of this action.

(b) Type of applicants targeted

See under (c), the applicant has already been identified.

(c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, a grant may be awarded without a call for proposals to TradeMark East Africa.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified based on the applicant's technical competence, its high degree of specialisation and its administrative power vis-à-vis the government, given its track record in all fields of the action. There is no other organisation in Kenya that is able to implement the envisaged eco-system approach to achieve the outcomes of the action. TradeMark East Africa has a unique trusted relationship with the government, which is unparalleled with any other organisation in Kenya, where the government at high level is part of its governance structure. Finally, TradeMark East Africa has all necessary expertise present in Kenya and in-house.

4.5 Scope of geographical eligibility for procurement and grants

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

The Commission's authorising officer responsible may extend the geographical eligibility 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 (Article 28(10) NDICI-Global Europe Regulation).

4.6 Indicative Budget

	EU contribution (Amount in EUR)	Indicative third party contribution (amount in EUR)
Indirect management with an international organisation c.f. section 4.4.1		
Specific objective 1 and 2	20 000 000	50 000
Specific objective 3	5 000 000	
Evaluation (cf. section 5.2), Audit (cf. section 5.3)	will be covered by another decision	
Totals	25 000 000	50 000

4.7 Organisational Set-up and Responsibilities

A Project Steering Committee (PSC) shall be established to oversee the implementation of the action. The Committee shall meet twice a year and will bring together the most involved Ministries and Governmental agencies and the private sector where relevant. The PSC will be chaired by a representative of either the Ministry of Trade and Industry or the Ministry of East African Community and convened by the implementing partner. Other stakeholders may be invited as observers.

The work of the PSC shall include, but not be limited to, the following tasks:

- Review of work plans.
- Closely monitor risk factors (see section 2), and focus from an early stage on necessary mitigating measures and intervene when major issues arise;
- Monitor that implemented activities have a direct positive impact towards achieving the action's objectives.
- Monitor that the action's implementation is inclusive and transparent, that a collaborative partnership is pursued, as foreseen, between government and non-government stakeholders, including civil society, private sector etc., and that all stakeholders, including women, youth, and persons with disability benefit from the action.

- Support communication and dissemination efforts among the society at large regarding action’s activities and results.

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

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

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

The implementing partners will provide a completed logframe with revised indicators, baselines, targets and specific sources for each indicator. Each progress report will include an updated logframe, including current values for each indicator. Furthermore, each report will 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 disaggregated minimum by sex (when pertinent), using as reference the logframe matrix.

All monitoring and reporting shall assess, when and where relevant, how the action is taking into account the human rights based approach working principles (a) applying all human rights for all; b) meaningful and inclusive participation and access to decision-making; c) non-discrimination and equality; d) accountability and rule of law for all; and e) transparency and access to information supported by disaggregated data) as well as how it contributes to gender equality and women’s empowerment.

Reports 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).

Roles and responsibilities for data collection, analysis and monitoring:

5.2 Evaluation

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

The mid-term review will be carried out for learning purposes, in particular with respect to adjustment of the scope of project if necessary.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision) with the effectiveness of donor support to the government’s efforts to create jobs and foster economic growth through increase of exports.

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

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

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

5.3 Audit and Verifications

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

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

An Intervention (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: 'a given contract can only contribute to one primary intervention and not more than one'. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a 'support entities'. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present Action identifies as

Action level		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action

