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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX 2

of the Commission Implementing Decision on the financing of the multiannual action plan in favour of the Republic of Mozambique for 2024-2025

Action Document for Green Value for Growth in Mozambique

MULTIANNUAL ACTION PLAN

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

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Green Value for Growth in Mozambique OPSYS number: ACT-62562 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Team Europe Initiatives	Yes. Green Deal for Mozambique and e-Youth.
3. Zone benefiting from the Action	The Action will be carried out in Mozambique.
4. Programming document	Multi Annual Indicative Programme (MIP) 2021 – 2027 for the Republic of Mozambique.
5. Link with relevant MIP objectives / expected results	<p>The proposed Action intends to contribute to MIP Priority area 1 “Growing Green”, more specifically to:</p> <p>Specific objective 1: “Protect, restore and enhance Mozambique’s natural capital and ecosystem services as essential drivers of sustainable growth and resilience”.</p> <p>Expected results: Sustainable management expanded, and deforestation and forest degradation reduced; Strengthened government capacity and communities' participation in the conservation and sustainable use of natural resources; Reduced risks and vulnerabilities of communities to climate change.</p> <p>Specific objective 2: “Support the transformation of the agriculture, forestry and fishery sectors towards more sustainable food systems, livelihoods and production patterns”.</p> <p>Expected results: Increased adoption of climate smart and sustainable deforestation-free agricultural and agroforestry practices; Increased income and enhanced food nutrition security of small-scale producers, in particular women, through secure and equal access to productive assets, services and markets; Increased private sector participation in sustainable food systems that contribute to climate action, food nutrition security and foster in-country added value, growth and job creation.</p>

	<p>The Action will also contribute to the MIP Priority area 2 “Growing Youth”, more specifically to:</p> <p>Specific objective 3: Foster innovation and digital transformation for inclusive growth.</p> <p>Expected results: Enhanced digital entrepreneurship and use of digital technologies; Youth prioritized as innovators and creators.</p> <p>Specific objective 4: Enhanced opportunities for youth to obtain decent employment.</p> <p>Expected results: A more conducive business environment is in place, in which investment, free trade and rules-based trade are promoted; Increased Quality Infrastructure and Business Development Services to enable national industry’s participation in international trade and value-chains; Enhanced access to finance and capacities for start-ups and SMEs.</p>			
PRIORITY AREAS AND SECTOR INFORMATION				
6. Priority Area(s), sectors	<p>Priority area 1: Growing Green</p> <p>Priority area 2: Growing Youth</p>			
7. Sustainable Development Goals (SDGs)	<p>Main SDG (1 only): 15 – Life on land</p> <p>Other significant SDGs and where appropriate, targets:</p> <p>1 – No poverty</p> <p>2 – Zero hunger</p> <p>5 – Gender equality</p> <p>8 – Decent work and economic growth</p> <p>9 – Industry, innovation and infrastructure</p> <p>10- Reducing inequality</p> <p>12 – Responsible consumption and production</p> <p>13 – Climate action</p>			
8 a) DAC codes	<p>250 – Business and other services : 25 %</p> <p>311 – Agriculture : 25%</p> <p>32130 – Small and medium-sized enterprises (SME) development: 25 %</p> <p>410 – Environment Protection: 25 %</p>			
8 b) Main Delivery Channel	13000 – Third Country Government (Delegated co-operation)			
9. Targets	<p><input type="checkbox"/> Migration</p> <p><input checked="" type="checkbox"/> Climate</p> <p><input checked="" type="checkbox"/> Social inclusion and Human Development</p> <p><input checked="" type="checkbox"/> Gender</p> <p><input checked="" type="checkbox"/> Biodiversity</p> <p><input type="checkbox"/> Education</p> <p><input type="checkbox"/> Human Rights, Democracy and Governance</p>			
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 type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Inclusion of persons with Disabilities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health education and research	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	BUDGET INFORMATION			
12. Amounts concerned	<p>Budget lines: 14.020122</p> <p>Total estimated cost: EUR 68 000 000</p> <p>Total amount of EU budget contribution EUR 68 000 000</p> <p>The contribution is for an amount of EUR 47 300 000 from general budget of the European Union for N and for an amount of EUR 20 700 000 from the general budget of the European Union for N+1, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p> <p>The Action contributes to the Green Deal Team Europe Initiative (TEI) also supported by AT, BE, DE, ES, FR, IE, IT, NL, PT, SE and the European Investment Bank with contributions amounting to EUR 1 433 000.</p> <p>Action also contributes to e-youth TEI also supported by AT, BE, FI, FR, DE, IE, IT, NL, PT, ES and SE for a total indicative amount of EUR 804 514 414.</p>			

MANAGEMENT AND IMPLEMENTATION	
13. Type of financing	<p>Direct management through grants in accordance with section 4.4.1</p> <p>Indirect management with the entities to be selected in accordance with the criteria set out in section 4.4.2</p> <p>This contribution to the Regional Blending Platform shall be implemented in indirect management by the entities indicated in the annex to this Action Document, in accordance with the Regional Blending Platform's award procedure.</p> <p>Budgetary guarantee(s) as set out in section 4.4.4.</p>

1.2 Summary of the Action

Mozambique's sustained and inclusive growth is tied to the development of its agriculture and agroindustry. Yet, agriculture and food systems remain highly exposed and vulnerable to climate change and environmental degradation, while contributing significantly to biodiversity loss, greenhouse gas emissions and unsustainable use of freshwater and soils. Inefficient agriculture production, with poor access to inputs and technology, exacerbates the pressure on Mozambique's natural capital. At the same time, agriculture intensification efforts often fail to address social, economic, and environmental trade-offs, perpetuating a harmful cycle of ecosystem degradation and increased poverty and vulnerability. The unfavourable business environment, with particularly inadequate access to finance and markets, hampers the development of Small and Medium Enterprise' (SME) and the overall private sector potential to contribute to a sustainable transition and to employment creation. It is thus imperative, for agriculture value-chains, to promote environmental sustainability to safeguard the resource base they rely on, and for agri-food systems to contribute to productive landscapes and biodiversity protection. Achieving these objectives calls for stronger collaboration among stakeholders, supportive policies and investments in capacity development and infrastructure.

This Action seeks to increase the economic, environmental and social sustainability of selected agriculture value-chains through their integration in key landscapes for conservation and development, and by fostering entrepreneurship, SME's competitiveness and a conducive business climate, ultimately supporting Mozambique's transition towards a greener, climate-resilient and inclusive development.

The Action will be implemented in two priority landscapes in Central and North Mozambique, selected for their productive potential and their ecological interest:

1) Zambezia Afromontane landscape, part of the transboundary South-East Africa Montane Archipelago ecoregion shared with Malawi, including the Key-Biodiversity Areas (KBA) of Mounts Namuli, Mabu and Ribaué and, the *Miombo* coastal landscape.

2) Manica mountains landscape, part of the Chimanimani Trans Frontier Conservation Area shared with Zimbabwe, including the KBA of Chimanimani National Park.

The Action intends to focus on the value-chains of soybean, avocado and cashew, prioritized for their suitability to more sustainable production practices and their climate and deforestation-related relevance. Other value-chains might be considered to promote diversification, enhance food security or integration with agroforestry systems.

The Action supports the objectives of the Multi Annual Indicative Programme (MIP) 2021-2027 priority areas of 1) "Growing Green" and its specific objectives to "protect, restore and enhance Mozambique's natural capital and ecosystem services as essential drivers of sustainable growth and resilience", and to "support the transformation of the agriculture, forestry and fishery sectors towards more sustainable food systems, livelihoods and production patterns"; and 2) Growing Youth and its specific objective of "enhanced opportunities for youth to obtain decent employment" and "Foster innovation and digital transformation for inclusive growth". The Action will also contribute to the Team Europe Initiatives (TEI): Green Deal for Mozambique and e-Youth. It is also aligned with the objectives of the regional TEI Investing in Young Businesses in Africa (IYBA) to promote entrepreneurship and provide support to early-stage businesses.

The Action is also aligned with the EU-Africa Global Gateway Investment Package commitments of accelerating the green transition (through protection of biodiversity and sustainable agri-food systems) and sustainable growth and decent jobs creation (through support to businesses). In addition, the Action is aligned with the Green Deal and its underlying strategies, such as the Farm-to-Fork and the Biodiversity / NaturAfrica, as well as with the EU Zero deforestation regulations and the guidelines on Climate Resilience and Circular economy.

The Action will contribute to multiple SDGs, notably SDG 15 (life on land) but also to SDGs 1 (no poverty), 2 (zero hunger), 5 (gender equality), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 12 (responsible consumption and production) and 13 (Climate action).

The Action will contribute to the EU Gender Action Plan 2021-2025 (GAP III) objectives of “Promoting economic and social rights and empowering girls and women” and “Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation”. It will also contribute to the implementation of the EU Strategy on the Rights of Persons with Disabilities.

1.3. Zone benefitting from the Action

The Action shall be carried out in Mozambique, country included in the list of ODA recipients.

2 RATIONALE

2.1 Context

Mozambique is one of the bottom ten countries in the world in terms of human development¹, marred by increasing inequality², significant gender differences³ and large disparities between urban and rural areas as well as between regions. The poverty rate stands at 64.6%, highest in rural areas⁴. The Mozambican economy is resource-driven and highly dependent on the extractive sector. The country’s natural capital is permanently under significant stress, within a context of extreme vulnerability to climate change. While there is a growing recognition of the potential for greener and more resilient economic pathways, action remains insufficient. The agricultural sector is key for the country’s inclusive growth, economic diversification and food security, engaging more than 70% of the country population. Despite its potential, agricultural productivity remains amongst the lowest in the world, due to, amongst others, difficult access to credit and markets, low use of improved inputs and the dominance of rain-fed agriculture. The relative growth in the sector over the last years is largely due to the extension of cultivated land, rather than technical change and gains in productivity.

Agriculture plays an essential role for women livelihoods, with 90% of economically active females and 61% of the overall labour force relying on it. However, women often hold lower positions in value-chains, are the majority of the sector’s unskilled labour and have limited access to formal markets. Social and cultural norms often restrict women's ownership, control and access to land, services, credit, and trainings. Women’s financial illiteracy limits opportunities for growth beyond the informal sector.

Mozambique has a rich biodiversity and possesses habitats and ecosystems of regional importance (e.g. *miombo* woodlands and surface water systems) providing essential ecological goods and services crucial for both food security and the national economy. However, these ecosystems face significant threats, with agriculture standing out as a primary driver of habitat loss. The expansion of agriculture, including shifting small-holder and agro-industry farming, annually converts extensive areas of natural vegetation into monocultures of crops such as maize, rice, soybeans, cassava, sugar cane, and bananas. Approximately two-thirds of forest losses and degradation are attributed to land conversion, including within biodiversity hotspots. Agricultural expansion also impacts freshwater biodiversity through land use changes leading to increased sedimentation, pollution, and mismanaged water resources. Recognizing these challenges, there is an increased consensus on the need for

¹ Ranked 185 out of 191 in the 2021 Human Development Index

² Gini-coefficient rose to 0.54 (2014/15) from 0.47 (2008/9), placing Mozambique among the most unequal countries in Sub-Saharan Africa. While progress has been made in recent years due to growth in emerging sectors (such as services and extractive industries), evidence shows that income distribution is increasingly unequal, undermining the benefits of the fragile economic growth.

³ The 2021 the female HDI value for Mozambique was 0.428 in contrast with 0.464 for males. Mozambique ranked 118 out of 162 according to the UNDP Gender Inequality Index (2022). 72.2% of women live in rural areas and 24.1% are household heads

⁴ USD 2.15 per day poverty line (World Bank),

promoting sustainable value-chains to safeguard the biodiversity and ecosystems they rely on. This includes implementing targeted sustainability commitments in specific landscapes, and particularly in key biodiversity and conservation areas, engaging companies, producers and other stakeholders associated with these value-chains.

The future of Mozambique's agriculture and food systems are also closely linked to climate action. The adaptation to climate scenarios and risks (i.e. floods, droughts, cyclones) will be essential to reduce rural livelihoods' vulnerability and increase value-chains' competitiveness. In addition, as farming in Mozambique is an important contributor to the country's Greenhouse Gas (GHG) emissions, mitigation and adaptation objectives could be strongly integrated in new, and more sustainable, value-chains' development models.

Private sector efforts are still needed to be placed at the centre of the country's agriculture transformation, encouraging a transition from low-productivity subsistence models towards a sustainable intensification. Interventions to improve the business environment, to enhance entrepreneurship opportunities and to further support SMEs are urgent⁵. In addition, international markets' developments, risk to find Mozambican companies unprepared and unable to adapt or profit from existing opportunities (for instance, EU Zero-deforestation regulation, organic and non-Genetically Modified Organisms (GMO) markets and carbon financing⁶).

Agriculture and value-chains continue to be central in the country national development strategies. The National Development Strategy 2015-2035 (ENDE) reiterates the objective of transforming agriculture and fisheries through increases in productivity and the commercialization of smallholder's production. The current overarching strategies for agriculture (Strategic Plan for the Development of the Agrarian Sector 2022-2031 - PEDSA II and the National Investment Plan for the Agrarian Sector 2022-2026 - PNISA II) confirm the priority of preceding plans of integrating small producers in pre-identified value-chains. The current Economic and Social Plan (PES) 2020-2024 defined a completely new institutional and legal framework for some priority value-chains, with new trade regulations and incentives for investment and contract farming. These strategies embed a new emphasis on sustainability and climate action, in line with international commitments – as defined in the updated Nationally Determined Contributions – including targets of reduction of the sector's CO₂ emissions by nearly half and reaching a 30% coverage of arable land under sustainable management.

Mozambique has made efforts to ensure the conservation of its biological heritage. The mainstreaming of biodiversity conservation in economic sectors is a goal embedded in the National Biodiversity Strategy and Action Plan (NBSAP 2015-2035) and detailed in dedicated laws, policies and regulations⁷. Efforts were also made to identify most significant sites for biodiversity (Key Biological Areas – KBAs), since many important species and ecosystems, which remain under pressure, are not covered by current conservation area systems. However, the capacity to enforce these policies is chronically insufficient and one quarter of the territory currently designated as conservation areas (national parks, game hunting areas and wildlife farms), or KBAs remains largely underfunded and far from their potential for sustainable management.

As part of the efforts to boost private sector growth, the government approved in 2022 an “economic acceleration” package of fiscal and economic measures (PAE), with a strong emphasis on agriculture and agro-processing alongside other key economic sectors⁸. These measures underscore the increased role of business associations, including the European Chamber of Commerce, in advocating for reforms.

⁵ In 2021, the Government approved the National Program to Industrialize Mozambique (PRONAI) to increase competitiveness in various industries.

⁶ The EU zero-deforestation regulation has already created new higher prices markets and business opportunities for Mozambique, such as exports of cotton and other oilseeds to EU for integration in biofuels; and local companies investing in certificated native forestry.

⁷ Including, among others, the Land Law (Law 19/97), the Environmental Law (Law 20/1997), the Law of fisheries, the Law of Forestry and Wildlife (Law 10/99) and the Conservation Law (Law 16/2014), and regulations as for example, the Regulation on Environmental Impact Assessment, Regulation on Forest and Wildlife and General Regulation on Maritime Fishery Activities.

⁸ The “Economic Acceleration Stimulus Package” (PAE) a set of 20 shock measures including VAT exemption for agri inputs and cuts on Corporate Income Tax (IRPC) for agriculture, and agro-processing. This complements the longer term National Program to Industrialize Mozambique (PRONAI).

2.2 Problem Analysis

Several challenges currently undermine the contribution of the agriculture sector, and agriculture value-chains to Mozambique's sustainable development:

A vicious circle of inefficient vulnerable production systems leading to ecosystems degradation and biodiversity loss

Mozambican agriculture is almost totally dominated by small-scale, subsistence farming, which perpetuates a cycle of vulnerability and resource degradation. Generalised practices, such as slash-and-burn, prevalent in nutrient-poor *miombo* woodlands, imply continuous land clearance to maintain productivity. Limited access to production assets, agricultural finance, new technologies and markets, as well as to research and extension services, hinder smallholders' ability to improve productivity and incomes. Although agro-ecological intensification holds promise, its adoption remains mired by the trade-offs between short-term income gains and long-term sustainability objectives. Yet conventional commercial agriculture, practiced by a few large companies, remains the major threat in localized areas, which based on highly intensified monoculture (maize, soy, fruits, and forests concessions), have a higher impact on soil degradation and habitat loss. Moreover, climate change adds another layer of complexity, heightening livelihoods vulnerability and degradation risks, thus exasperating food insecurity as highlighted in IPC analysis, and alighting the cycle by forcing populations to adopt more negative coping mechanisms which severely and incrementally impact on ecosystems and social cohesion.

Insufficient value-chain integration among actors and within productive sustainable landscapes

The Mozambique agriculture sector is characterised by a disconnected structure, where a large number of smallholder farmers mainly produce for subsistence, with few market-orientated operators. Most value-chains also lack integration around anchor companies, with few intermediary actors retaining most of the profit, reducing efficiency and competitiveness. Moreover, inadequate infrastructure (e.g. obsolete equipment, inefficient energy sources, decrepit road network) are burdening operators with high costs and small margins limiting investments in aggregation and value addition or longer term production objectives. These fragmented and low-value commodity chains are more likely to have negative environmental impacts, while also proving ineffective in driving livelihoods improvements and private sector engagement. In addition, value chain development initiatives often operate in silos and prioritise short term production gains without considering implications across the entire landscape, such as impacts on ecosystems and conservation areas. These approaches increase the risk of habitat fragmentation, deforestation and loss of biodiversity, and miss the opportunities for synergies between agriculture development and conservation efforts.

Very few, underperforming SMEs, and unable to support the green transition and create jobs

Mozambique's agribusiness sector needs to stimulate "the missing middle", i.e. rural based SMEs capable to promote value-chains both upstream and downstream, by adding local value, creating jobs and growing sustainable business relationships with small and medium scale farmers. These companies have an opportunity to maximize value-chains' nature-positive effect within specific landscapes, balancing (and integrating) sustainability and market value. However, the lack of incentives for business development and limited access to finance and technical assistance for enterprises are factors preventing their professionalization and increased competitiveness, hampering growth and employment creation. This is more relevant regarding inclusiveness and opportunities for youth and women entrepreneurs, and to diversify activity for no-farm and off-farm business. Technical training institutions are scarce, under-funded and ill-equipped to offer relevant skills. The incubation and acceleration of rural entrepreneurs is still at its infancy with only a few "pre-incubation" services, with support of projects and funded initiatives.

An unfavourable business environment for sustainable investment and innovation

The local financial sector offers very few accessible products for firms interested to invest upstream on contract farming / out-growers schemes and downstream into agro-processing and industrial transformation. This hinders diversification, value-addition and the opportunities for greener value-chains, economies of scale and growth. Most donors' grants and loans address only capital expenditure requirements but there is a lack of supply of affordable working capital for all segments of the value-chains. Commercial banks tend to offer unsustainable levels of interest rates and collaterals to agricultural enterprises. An overall unfavourable business climate, with predominance of informal transactions, inhibits private sector investments in sustainable technologies, due to long returns on investments. In addition, there is very little research and development responding to private sector

needs, and collaboration between research institutions and enterprises is almost absent. There is therefore a need to continue lobbying for a more conducive investment climate, better regulation for access to finance, for innovative and adapted financial instruments, including on carbon finance and payment for ecosystem services, and the development of collaborative approaches between research institutions and the private sector.

The **stakeholders** to be involved in the Action are numerous and operate at many levels. The Action will foster collaboration between actors within the selected value-chains as well as collaboration with “non-chain” actors in the targeted landscapes to address multiple objectives in the landscapes in which these chains are embedded.

Local communities and smallholders in the targeted landscapes, as right holders, will be the primary target group and direct beneficiaries of the Action, with a focus on women, youth, producers’ associations and cooperatives.

Private sector operators and their associations operating in the landscapes and value-chains targeted will also be a primary target group. These will include household and micro-enterprises particularly those led by women and youth, SMEs, agribusiness cooperatives, leading firms and related associations pertaining to the targeted value-chains or involved in related services (inputs suppliers, aggregators, warehouse operators, logistics, importers and exporters); as well as private sector operators involved in co-management of conservation areas or concessions. Business associations including National and European chambers of commerce will be particularly targeted to strengthen their role in policy reform.

In order to increase access to finance, the Action will seek to build partnerships with **commercial banks, public and private financial institutions**.

Because of the multi-dimensional objectives of the Action, multiple **Ministries** and their departments and directorates will be involved as duty bearers, namely, the Ministry of Agriculture and Rural Development (MADER), the Ministry of Land and Environment (MTA), the Ministry of Industry and Trade (MIC) the Ministry of Economics and Finance (MEF). Relevant public institutes will be involved, including the National Administration of Conservation Areas (ANAC) and the National Institute for Normalization and Standards (INNOQ), responsible for defining and implementing standardization and quality policy. **Local authorities** at relevant provincial and district level, including District Services (SDAE) and Provincial Directorates, as well as authorities of Parks and conservation areas will also be involved in the Action, as part of landscape multi-stakeholders partnerships and value-chains upgrading strategies.

Civil society organisations, promoting community development, safeguarding social and environmental standards, biodiversity conservation, and providing advisory and extension support in targeted landscapes.

The Action will also build on existing **local consultation mechanisms** relevant to the targeted landscapes such the *Observatórios de Desenvolvimento* (at provincial level) and the *Conselhos Consultivos* (at district level), as well as **entities promoting development and investment** such as the *Agência de Desenvolvimento do Vale do Zambeze*.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective** (Impact) of this Action is to **accelerate Mozambique’s transition towards a greener, climate-resilient and inclusive development**.

The **Specific Objective** (Outcome) of this Action is to **increase the economic, environmental and social sustainability of selected agriculture value-chains**.

The **Outputs** (Results) to be delivered by this Action contributing to the Specific Objective are:

1.1. Upgraded selected agriculture value chains promoting sustainable landscapes restoration and development.

- 1.2. Increased SMEs and entrepreneurs' capacities in the development of nature-positive value chains and green sectors with a focus on youth and women.
- 1.3. Enhanced green investment climate and innovation ecosystem.

3.2 Indicative Activities

Activities relating to Output 1.1 – Upgraded selected agriculture value chains promoting sustainable landscapes restoration and development

- Support the development of collaborative models at landscape level for the protection, restoration, conservation and management of ecosystem services provision (e.g. integrated water resources management, land management and restoration activities, reforestation, biodiversity conservation, paying for ecosystem services schemes, biodiversity off-sets);
- Develop and facilitate integrated business models between smallholders, SMEs and leading firms for market integration, advisory services and financial support for agro-ecology, agro-forestry, climate-smart agriculture, and green and circular technologies, as well as, access to premium markets, secure fair prices, and capture greater value within sustainable agricultural value-chains;
- Support and disseminate technical, market and economic feasibility studies on value-addition opportunities and high-value markets (e.g. organic markets, by-products, etc.);
- Develop digital solutions and platforms to facilitate information flows between landscape or value-chains partners, as well as, improved monitoring for efficiency and transparency;
- Support the acquisition of equipment, and services to upgrade value-chains to comply and take advantage of nature positive production and processing models (through the provision of matching grants and increasing access to finance from locally-based financial institutions and/or innovative financing products developed in Outputs 1.2 and 1.3);
- Develop capacities for environmental monitoring in the priority landscapes, including land cover and biodiversity data, as well as nature capital and ecosystems services valuation.

Activities relating to Output 1.2 –Increased SMEs and entrepreneurs' capacities in the development of nature-positive value chains and green sectors with a focus on youth and women

- Provide business development services to SMEs, women and young entrepreneurs with a focus on incubation and acceleration in green sectors, responsible production, circular economy and sustainable value-chains;
- Enable SMEs' access to financing (capital expenditure, working capital, seed matching grants, acceleration and seed equity) through partnerships with catalytic/impact funds and Development Financial Institutions and the mobilisation of guarantee instruments;
- Promote SMEs' certification on quality standards (e.g. HACCP, Global Gap, Organic, Fair Trade), export market's environmental regulations compliance (e.g. EU Zero-deforestation), and the implementation of Environmental Management Systems, and other greening organisational changes;
- Upskilling and on-the-job training for green transformation and sustainable value chains, including management systems, green technology adoption, circular economy, regulatory compliance, environmental impact assessment and monitoring, and economic valuation of ecosystem services;
- Provide technical / advisory assistance for the reduction of gender-based barriers;
- Facilitate collaboration between SMEs and research institutions and fund research and development.

Activities relating to Output 1.3 – Enhanced green investment climate and innovation ecosystem.

- Support legal and regulatory reforms to simplify trade and reduce costs and administrative burdens on import/export procedures for inputs and outputs agri-markets and to promote Foreign Direct Investment (FDI) supporting nature positive agriculture value-chains, and green transformation (e.g. tax breaks for new agri start-ups, investment partnerships for conservation, lower excise taxes on imports and exports);
- Develop and test innovative and green finance mechanisms to support priority landscapes' restoration, conservation efforts and nature positive practices (Carbon credit schemes, Green Stock Exchanges, blended finance, matching grants, and sustainable/green/thematic bonds, paying for ecosystem services, off-setting);
- Support the development of quality standards for products in the priority value-chains, to ensure adherence to local and international specifications, including trainings for business support services and support to

INNOQ to adhere to international best practices in terms of procedures, schemes and services so to foster simplification and reduce administrative burdens for stakeholders and traders operating in the priority value chains;

- Support the adaptation to the EU Regulation on Deforestation towards deforestation-free products;
- Support the development of financial digital solutions (eg. agri-finance ecosystem platforms, agri-tech SMEs, digital and blockchain solutions);
- Support local and European business associations' capacity to advocate for policy reforms aimed at improving the investment climate and promote sustainable investments, support the development of consultative procedures between public and private actors, so to ensure the involvement of the relevant stakeholders in the drafting and implementation of the relevant legislation.

The commitment of the EU's contribution to the Team Europe Initiative to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member's 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.

3.3 Mainstreaming

Environmental Protection & Climate Change

Environmental and climate change challenges are at the very core of this action which is designed considering the sustainable value-chains – biodiversity conservation– private sector development nexus. The proposed approach links the three dimensions in a coherent way that builds on opportunities to integrate nature-positive value-chains in selected sustainable productive landscapes, addressing and enhancing the drivers of conservation/sustainability. The strategy is to promote and support climate-smart and adapted practices in agriculture production – namely agro-ecology, land restoration/management, soil and water conservation, chemical inputs substitution – with positive impact on biodiversity, as well as responsible production and circular economy principles for SMEs, contributing to climate change mitigation and low carbon development. In this sense, Environmental, Social, and Governance (ESG), “green lists” and taxonomy criteria, as well as financing instruments, will be defined to select and support specific initiatives, ensuring investments' positive impact on the environment, biodiversity and climate change.

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

An SEA is not required but key environment and climate-related aspects will be addressed during the design of the action.

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

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

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

The CRA screening concluded that this action is a low risk project and that no further action is needed. Climate risk aspects will be addressed during the design of the action.

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this Action is labelled as G1. This implies that gender is not simply mainstreamed as a cross-cutting issue, but it is a central element of the overall strategy. Women play a crucial active role in agriculture in Mozambique, but are often excluded from support, access to inputs and credit, and from decision-making. This Action will target women as its main beneficiary enhancing their capacity and empowering them to play a more active role in the agriculture sector. These activities will include: specific support on inputs, credit facility, contract farming, business linkage and technical assistance for value-chains development, training and skills development, nutrition practices, for women and their

associations/groups in agriculture sector (under output 1.1); incubator/accelerator and business development services tailored to women entrepreneurs, including training, scholarships and coaching (output 1.2); and development of specific green financing instruments in favour of women (output 1.3).

The Action: will contribute to SDG 5 (gender equality) and the specific objectives of the Country Level Implementation Plan (CLIP) of the Gender Action Plan (GAP) III for Mozambique, in particular, to the thematic areas “Promoting economic and social rights and empowering girls and women” and “Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation”.

Human Rights

The Action’s strategy embeds the five principles of the human rights-based approach. It increases transparency and accountability of the financing system, improving and facilitating access to credit through tailored-made instruments and products accessible to the farmers and SMEs on commercial banking. It safeguards the respect of human rights on what relates access to natural resources, land, right to food and to water, human development opportunities and access to information, especially for youth and women, this will include strengthening the capacities of duty bearers to ensure accountability to respect, promote and fulfil human rights. It also increases participation of the target groups in decision-making fora, with a non-discriminatory approach for the engagement of vulnerable population and their communities, normally excluded from socioeconomic development (persons living in poverty, persons with disabilities, indigenous peoples, persons belonging to ethnic minorities).

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. Efforts will be made to facilitate the participation of people with disabilities in the intervention’s activities, especially for youth and women with disabilities. Positive discriminating criteria will be adopted for the selection of beneficiaries whenever the typology of the activity allows for the involvement of people with disabilities, namely on training, employment opportunities, skills development, adapted tools and machineries, participatory mechanisms, amongst others.

Reduction of inequalities

Mozambique is characterised by high asymmetries between urban and rural areas as well as between north/centre regions and the south. Opportunities for socioeconomic development, especially for youth and women in terms of access to quality education, training and advisory services, incubator/accelerator mechanisms, employment, credit lines etc., are limited in rural remote areas, increasing their marginalisation and vulnerability. The Action addresses the needs of these disadvantaged groups, creating human development opportunities, facilitating access to quality and affordable inputs and techniques, to vocational training, to technical assistance and business development services which can support them to access to green jobs or for their self-employment.

Democracy

The involvement of local public authorities and the enhancement of participatory mechanisms at subnational landscape level – aligned with and contributing to the ongoing decentralisation process – are elements that support and enhance democracy, promoting participation in local planning and in the management of natural resources, including co-management of conservation areas.

Conflict sensitivity, peace and resilience

The establishment of public/private partnership, as well as promoting linkage between leading private operators and farmer and their communities, as well as participatory planning, are conducive for reducing potential conflict on the access to and management of natural resources – in a way that contributes to building peace and harmonious co-existence. Human-animal conflicts will be also taken into account in a way that development does not impact on biodiversity, especially wildlife. The support to nature positive value-chains also contributes to reduce vulnerability of local population/communities to economic shocks and to increase their readiness and resilience to (re-occurring) extreme weather events.

Disaster Risk Reduction

Considering Mozambique very high proneness to natural shocks, especially in the regions covered by this Action, all efforts towards reducing risks, increasing preparedness, and adopting mitigation measures will be addressed in its further design and implementation (including insurance schemes). This refers to a proper territorial planning, to integrated water resources management to reduce floods risks, to soil and water management and

conservation measures, to erosion control, to avoiding deforestation, to increasing infrastructures' climate-proofing. Specific shock-sensitive solutions, such as Crisis Modifiers, may be defined under the implementation contracts, wherever considered feasible and suitable to enhance the action's capacity and flexibility to respond to extreme shocks. This feature would enable early action and rapid response to new humanitarian needs that could occur in the project areas during the implementation phase.

Other considerations if relevant

N/A.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External environment	Risk 1: Extreme weather events affect implementation and investments	Medium	High	Climate proofing and climate risk assessments of programme investments. Support for preparedness, adaptive response, and coping strategies of beneficiaries as part of value-chain strategies and landscape approaches, as well as, increased resilience through support for nature-based solutions. Integration of specific shock-sensitive solutions, such as crisis modifiers to mitigate impact of extreme weather shocks.
External environment	Risk 2: Economic and financial adverse conditions for value-chains and business development	Medium	High	Favourable regulatory reforms and financing instruments will be developed and promoted to soften the effect of external environment on the viability of the supported investments.
Planning processes and systems	Risk 3: Weak engagement of public entities and consequent lack of implementation of reforms	Medium	High	Technical support and policy dialogue at the different levels of Government and support to business associations and multi-stakeholder platforms for advocacy.
Planning processes and systems	Risk 4: Increased pressure on protected areas and natural ecosystems fuelled by agriculture intensification	Medium	High	Collaboration at landscape level. Environmental and ecosystems assessments. Innovative finance for conservation.
Planning processes and systems	Risk 5: Low interest of banks and financial intermediaries to develop financial products for sustainable agriculture	Low	Medium	Provision of technical assistance and guidance to support the development of specific financial products. Financial incentives (de-risking, guarantees, etc.)
Planning processes and systems	Risk 6: Lack of willingness of stakeholders to establish collaboration	Low	Medium	Promote participatory engagement of stakeholders through facilitation and negotiation. Develop tailored approaches and demonstrate the

	at landscape level, and lack of trust between them			potential benefit expected from the value-chains development and habitats restoration to the different participants.
Planning processes and systems	Risk 7: Limited engagement with gender and persons with disabilities inclusion and human rights-based approach	Low	Medium	Appropriate interventions to address root causes of exclusion built into the Action's interventions to ensure gender-responsive value chain development. Specific capacity building. Regular assessments of inclusion outcomes.

Lessons Learnt:

Findings from previous and on-going actions in the agribusiness sector (e.g. Promove Agribiz) show the importance of addressing the value-chain as a whole. Interventions covering only parts of the value-chain, and not leveraging on the potential of a more structured private sector development, including access to finance and the regulatory framework, have failed to produce concrete and durable benefits, especially when, pursuing environmental and inclusion objectives.

Value-chain development often overlooks collaboration “beyond the chain” to address food security, poverty, and sustainability issues in the landscapes in which these value-chains are embedded. An integrated approach, with an emphasis on collaboration, and stable relationships at landscape level with small-scale farmers, alongside other stakeholders such as communities, public institutions, and conservation actors, make a greater positive impact towards social, human, and natural capital compared to conventional approaches.

Existing support for SMEs is rarely tailored to sustainability. Traditional interventions primarily fund hardware (infrastructure and equipment), neglecting vital seed and working capital needed for long-term sustainability. High interest rates and stringent requirements further restrict access to commercial credit for green solutions. Green entrepreneurs encounter difficulties in locating suitable investors and navigating complex funding procedures, adding to the challenges they face. Experience from relevant programmes (e.g. Promove Comercio) underscore the importance of assisting SMEs' internal management and overall competitiveness through tailored technical assistance, networking and support in certification, as a pre-requisite to facilitate their access to finance and markets.

Institutional stakeholders and public authorities' involvement is necessary as duty bearers of an enabling environment for private sector development, oversight and ownership, but their engagement as direct implementing actors or funds recipients is not recommended to avoid delays and inefficiency.

The well-documented significant impact of incrementally more severe and extreme weather shocks in Mozambique (e.g. cyclones; riverine floods; drought) including in the targeted areas affecting the populations' pre-existing vulnerabilities requires the integration of flexible and effective mechanisms to address sudden needs arising from unforeseen extreme shocks. To address the impact of these shocks and the consequent rise of life-saving/life-sustaining needs, the Action integrates a 'Crisis Modifier' enabling rapid allocation of funding to address sudden and unforeseen rise in needs and avert/mitigate potential humanitarian crisis in the target areas.

3.5 The Intervention Logic

The Action aims at promoting partnerships along responsible and climate resilient value-chains, able to promote environmental sustainability, biodiversity protection and ecosystems resilience. The catalytic role played by value-chains leading operators – upstream for responsible production and downstream for added-value – will be reinforced through fostering entrepreneurship and SMEs' competitiveness, with focus on women and youth, enhancing the investment climate, facilitating access to credit and supporting an innovative ecosystem for green sustainable finance. The underlying intervention logic for this Action is that:

IF Selected agriculture value chains promoting sustainable landscapes restoration and development are upgraded (Output 1.1); AND IF SMEs and entrepreneurs' capacities in the development of nature-positive value chains and

green sectors with a focus on youth and women are increased (Output 1.2); AND IF the green investment climate and innovation ecosystem are enhanced (Output 1.3);

THEN the economic, environmental and social sustainability of selected agriculture value-chains will be increased (Outcome);

PROVIDED THAT: The economic, financial and regulatory framework is conducive for competitive value-chains and business development; stakeholders are interested to collaborate towards adopting sustainable approaches for value chain development and allocate adequate technical and financial resources; SMEs and entrepreneurs for which capacity development is provided utilise those capacities; local development plans, complementary interventions and infrastructure development facilitate value-chains development and landscape protection; and banks are willing to offer green financing products at favourable conditions (Assumptions);

THEN, Mozambique's transition towards a greener, climate-resilient and inclusive development will be accelerated (Impact);

PROVIDED THAT: The rule of law is enforced to protect private sector investments and conservation arrangement; and inclusivity, sustainability and resilience is further supported by government and other development partners (Assumptions).

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.

Notes: Indicators from the Multi Annual Indicative Programme 2021 – 2027 (MIP), the Global Europe Results Framework (GERF) and the EFSD+ Results Measurement Framework (EFSD) are referenced. Where the indicator specification is slightly modified from the original indicator to better tailor the proposed Action a footnote is provided.

Results	Results chain	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To accelerate Mozambique's transition towards a greener, climate-resilient and inclusive development	1 World Bank Gini index (GERF 1.32) 2 Average income of small-scale food producers disaggregated by sex and disability whenever possible (MIP, GERF 1.1, SDG 2.3.2) 3. Greenhouse Gas (GHG) emissions avoided (tonnes C2eq) with EU support (GERF 2.7, EFSD)	1 50.5 (2019) 2 to be determined 3 0 (2024)	1 tbd 2 tbd 3 tbd	1 World Bank 2 National statistics 3 National statistics	<i>Not applicable</i>
Outcome 1	1 To increase the economic, environmental and social sustainability of selected agriculture value-chains	1.1 Number of (a) jobs, (b) green jobs supported/sustained by the EU disaggregated by sex, disability and income percentile (GERF 2.13, EFSD) 1.2 Areas of terrestrial and freshwater ecosystems under (a) protection, (b) sustainable management with EU support (km2) (GERF 2.9) 1.3 Areas of agricultural and pastoral ecosystems where sustainable management practices have been introduced with EU support (km2) (MIP, GERF 2.2) 1.4 Number of sustainability 'hotspots' identified in selected value chains improved as a result of EU support	1.1 0 (2024) 1.2 0 (2024) 1.3 0 (2024) 1.4 0 (2024)	1.1 tbd 1.2 tbd 1.3 tbd 1.4 tbd	1.1 Project M&E system 1.2 Project M&E system 1.3 Project M&E system 1.4 Project M&E system	The rule of law is enforced to protect private sector investments and conservation arrangements Inclusivity, sustainability and resilience is further supported by government and other development partners.
Output 1.1	1.1 Upgraded selected agriculture value chains promoting sustainable landscapes restoration and development	1.1.1 Number of smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land, disaggregated by sex, age, income percentile and disability (MIP ⁹ , GERF 2.1). 1.1.2 Number of private sector-led initiatives implemented to address sustainability challenges in the targeted value chains. 1.1.3. Number of collaborative models established for the protection, restoration, conservation and sustainable management of ecosystems through inclusive and participatory processes which are operational (MIP ¹⁰).	1.1.1 0 (2024) 1.1.2. 0 (2024) 1.1.3 0 (2024)	1.1.1 tbd 1.1.2 tbd 1.1.3 tbd	1.1.1 Project M&E system 1.1.2 Project M&E system 1.1.3 Project M&E system	The economic, financial and regulatory framework is conducive for competitive value-chains and business development. Stakeholders interested to collaborate towards adopting sustainable approaches for value chain development, and allocate adequate technical and financial resources. SMEs and entrepreneurs for which capacity development is provided utilise those capacities
Output 1.2	1.2 Increased SMEs and entrepreneurs'	1.2.1 Number of supported start-ups, SMEs, enterprises, cooperatives, disaggregated by sex, age,	1.2.1 0 (2024)	1.2.1 tbd	1.2.1 Project M&E system	

	capacities in the development of nature-positive value chains and green sectors with a focus on youth and women	<p>income percentile and disability of entrepreneur/owner (MIP¹¹, EFSD 5.1)</p> <p>1.2.2 Number of Micro, SMEs applying Sustainable Consumption and Production practices with EU support disaggregated by sex, age, income percentile and disability of entrepreneur/owner (MIP / GERF 2.6, EFSD 4.1)</p> <p>1.2.3 Number of beneficiaries with access to financial services with EU support: (a) firms, (b) people (all financial services), (c) people (digital financial services) disaggregated by sex, age, disability and income percentile (MIP¹² GERF 2.17, EFSD 2.3.2)</p>	<p>1.2.2 0 (2024)</p> <p>1.2.3 0 (2024)</p>	<p>1.2.2 tbd</p> <p>1.2.3 tbd</p>	<p>1.2.2 Project M&E system</p> <p>1.2.3 Project M&E system</p>	<p>Local development plans, complementary interventions and infrastructure development facilitate value-chains development and landscape protection.</p> <p>Banks are willing to offer green financing products at favourable conditions..</p>
Output 1.3	1.3 Enhanced green investment climate and innovation ecosystem..	<p>1.3.1 Number of policy/regulatory instruments developed to support inclusive and sustainable agricultural value-chains (MIP¹³)</p> <p>1.3.2 Number of additional accredited quality certification schemes offered to economic operators with EU support (MIP)</p> <p>1.3.3. Number of improved financial products and services developed within green sectors, conservation or sustainable value chains as a result of EU support disaggregated by target group.</p>	<p>1.3.1 0 (2024)</p> <p>1.3.2 0 (2024)</p> <p>1.3.3 0 (2024)</p>	<p>1.3.1 tbd</p> <p>1.3.2 tbd</p> <p>1.3.3 1</p>	<p>1.3.1 Project M&E system</p> <p>1.3.2 Project M&E system</p> <p>1.3.3 Project M&E system</p>	

⁹ MIP indicator: number of smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land

¹⁰ Number of legal/regulatory/ policy/institutional frameworks developed and enforced with EU support. Including natural resources (co-)management mechanisms established as a result of EU support.

¹¹ MIP indicator: Number of initiatives incubated or accelerated with EU support.

¹² MIP indicator : Number of SMEs with access to financial services with EU support

¹³ MIP indicator: Number of legal/regulatory/ policy/institutional frameworks developed, and enforced, with EU support. Including natural resources (co-) management mechanisms established

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this Action, it is 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 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 Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component

N/A

4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the Action with EU restrictive measures¹⁴.

4.4.1 Direct Management (Grants)

Grants: (direct management).

(a) Purpose of the grant(s)

The grant will contribute to achieve part of the programme's Output 1.3 (Enhanced green investment climate and innovation ecosystem.) notably the promotion of reforms aimed at improving the investment climate and promote sustainable investments.

(b) Type of applicants targeted

Association of chambers of commerce or business associations established in Mozambique.

4.4.2 Indirect Management with an entrusted entity

A part of this Action may be implemented in indirect management by entity(ies) which will be selected by the Commission's services using the following criteria:

¹⁴ 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.

- Technical competence in the sustainable agricultural value-chains,
- Established presence in Mozambique, including logistical and management capacities,
- Track record of constructive engagement with stakeholders in Mozambique, in particular public authorities, in the fields covered by this Action,
- Experience with management of delegated funds from the EU,
- Added value for EU's multilateral engagement, particularly in contributing to the successful implementation of the TEIs in Mozambique.

The implementation by these entity(ies) entails Outputs 1.1, 1.2 and 1.3.

4.4.3 Contribution to the Africa Investment Platform

This contribution may be implemented under indirect management with the entities, called Lead Finance Institutions, identified in Appendix 2 to this Action Document.

The Lead Finance Institutions will contribute to achieve Outputs 1.1, 1.2 and 1.3, in particular through following activities:

- Finance private public partnerships for the acquisition of equipment, and development of infrastructure for selected value-chains to comply and take advantage of nature positive production and processing models;
- Improve SMEs access to commercial credit to be involved in sustainable value-chains or develop green solutions;
- Finance priority landscapes' restoration, conservation efforts and nature positive practices.

4.4.4 EFSD+ operations covered by budgetary guarantees

A part of this action may be implemented through budgetary guarantees under indirect management. The budgetary guarantees would fall within the priority area 1 "Growing Green" of the MIP 2021-2027, in particular to its Specific Objective 2 "Support the transformation of the agriculture, forestry and fishery sectors towards more sustainable food systems, livelihoods and production patterns".

This section 4.4.4 is included for information purposes only. A comprehensive action plan covering all EFSD+ budgetary guarantees and the financing decision for the entire annual commitment under the EFSD+ budget line are adopted separately.

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

4.4.5.1 Changes from indirect to direct management mode

If negotiations with the envisaged entity(ies) as specified in 4.4.2 fail, part of this Action may be implemented for the relevant output in direct management mode (grants).

(a) Purpose of the grant(s)

The grant will contribute to achieve Outputs 1.1 Upgraded selected agriculture value chains promoting sustainable landscapes restoration and development, 1.2 Increased SMEs and entrepreneurs' capacities in the development of nature-positive value chains and green sectors with a focus on youth and women, and 1.3 Enhanced green investment climate and innovation ecosystem.

(b) Type of applicants targeted

Legal entities, international organisations, Non-Governmental Organisations, and economic operators.

Potential applicants shall comply with the following criteria:

- Technical competence in the sustainable agricultural value-chains,
- Established presence in Mozambique, including logistical and management capacities,
- Track record of constructive engagement with stakeholders in Mozambique, in particular public authorities, in the fields covered by this Action,
- Experience with management of delegated funds from the EU,
- Added value for EU's multilateral engagement, particularly in contributing to the successful implementation of the TEIs in Mozambique.

4.4.5.2 Changes from direct to indirect management mode

If direct management cannot be implemented as specified in 4.4.1 due to circumstances outside of the Commission's control, part of this Action may be implemented for the relevant outputs in indirect management mode.

This action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria:

- Established presence in Mozambique;
- Track record of a constructive engagement with the Government of Mozambique and relevant private stakeholders and networks in advocacy to enhance the investment climate and business environment;
- Experience in promoting trade and foreign investment.

The implementation by this entity entails Output 1.3. (Enhanced green investment climate and innovation ecosystem.) and notably the promotion of reforms aimed at improving the investment climate and promote sustainable investments.

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 services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realization of this Action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6 Indicative Budget

Indicative Budget Components	EU contribution 2024 (amount in EUR)	EU contribution 2025 (amount in EUR)
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Objective: Increased economic, environmental and social sustainability of agriculture value-chains composed of	47 300 000	21 750 000
Direct management (Grants) - cf. section 4.4.1	0	1 000 000
Indirect management with an entrusted entity(ies) - cf. section 4.4.4 and 4.4.6	30 300 000	19 500 000
Contribution to the Africa Investment Platform - c.f. section 4.4.7	17 000 000	-
Evaluation – cf. section 5.2 Audit – cf. section 5.3	-	200 000
Totals	47 300 000	20 700 000

4.7 Organisational Set-up and Responsibilities

A Steering Committee shall be set up with the responsibility to monitor and orientate the Programme implementation, composed of representatives from MADER, MTA, MIC, MEF and other Ministries relevant to agribusiness development and to environment management and conservation, representatives from the implementing partners of the Action and the EU Delegation.

Technical coordination committees might be established at national and/or subnational levels to foster coordination and synergies and ensure alignment with Government priorities.

All activities will be planned and implemented under the leadership of the Action implementing partners, and in close coordination with MADER, MTA, MIC, MEF, and all other relevant institutions at central level and Provincial/District governments with a mandate for the development of the agribusiness sector and environment management and conservation, as well as, with locally-based actors of the targeted value-chains and landscapes.

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 and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this Action and ensuring effective coordination.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

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

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

The monitoring system will be designed in a participatory manner and seek to include stakeholders in its design, application and use. Monitoring will serve as a learning tool, going beyond reporting, to help in understanding whether and how the intervention facilitates changes in the drivers of inequality, and why. The monitoring system will include both quantitative and qualitative indicators to facilitate participation and understanding by all stakeholders.

Roles and responsibilities for data collection, analysis and monitoring:

The monitoring system will focus on process monitoring, progress and results indicators. Both implementing partners will be responsible for internal monitoring of the programme's outputs and impact results and regularly reporting to the Steering Committee. This monitoring will include periodic collection of information, and primary sources of verification will be activity reports, field visit reports, and checklists.

All monitoring and reporting shall assess how the action is considering the principle of gender equality, human rights-based approach and rights of persons with disabilities. Indicators shall be disaggregated at least by sex and age, and disability if possible. External monitoring under the form of external Results Oriented Monitoring (ROM) exercises will be commissioned by the EU Delegation at selected times of the project.

Where information for the indicators is not currently available a baseline survey will be undertaken. Once the baseline data are available, the programme's logical framework and activities framework will be updated to reflect the baseline value before, and target values after the Action. This update will be a joint exercise and will follow a joint monitoring mission.

Regular monitoring will also be assured by partner institutions providing immediate feedback on the pace and quality of activity implementation for immediate corrective action to achieve annual targets.

The EU delegation will participate in joint monitoring missions. Annual joint reviews will provide the formal mechanism through which all parties can agree to modify the logical frameworks and adapt the programme accordingly.

5.2 Evaluation

Having regard to the nature of the Action, mid-term and final evaluations may be carried out for this Action, through implementing partners or contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to implementation processes, emerging impacts, and programme adjustments necessary to ensure that programme objectives are met on completion of the Action.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that lessons from research, pilots, and implementation of other programmes will serve to inform future interventions.

Both evaluations will assess to what extent the Action is considering the human rights-based approach as well as how it contributes to gender equality and women's empowerment and other aspects of socioeconomic inequality. Expertise on human rights, gender and inequality will be ensured in the evaluation teams.

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

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments. Evaluation services may be contracted under a framework contract.

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.

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, 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

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each Action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the Action Document.

The intervention level for the present Action identifies as

Action level (i.e. Budget Support, blending)		
<input checked="" type="checkbox"/>	Single Action	Present Action: all contracts in the present Action

Appendix 2: Indicative list of Eligible financial institutions

Eligible financial institutions to submit blending proposals to the Africa Investment Platform for the implementation of activities under the proposed action.

Acronym of Legal Entity	Legal Entity (sub-entities covered (if any) via hyperlink)
ADB	Asian Development Bank
AfDB	African Development Bank
AU-IBAR	African Union
CABEI	Central American Bank for Economic Integration
CIFOR	Centre for International Forestry Research
DBSA	Development Bank of Southern Africa
EADB	East African Development Bank
EBRD	European Bank for reconstruction and development
EDFI	European Development Finance Institutions ¹⁵
EIB	European Investment Bank
EIF	European Investment Fund
IADB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
NEFCO	Nordic Environment Finance Corporation
OIE	World Organisation for Animal Health
SPC	The Pacific Community
SPREP	South Pacific Regional Environment Programme
TDB	The Eastern and Southern African Trade and Development Bank
WBG	World Bank Group (IBRD, IDA, IFC, MIGA, ICSID)
WFP	World Food Programme

¹⁵ EDFI is an association of 15 bilateral European development finance institutions with a private sector mandate. These institutions are the Belgian Investment Company for Developing Countries (BIO), the CDC Group, Compañía Española de Financiación del Desarrollo (COFIDES), the German Investment and Development Corporation (DEG), the Finnish Fund for Industrial Cooperation (FINNFUND), the Netherlands Development Finance Company (FMO), Denmark's Investment Fund for Developing (IFU), the Norwegian Investment Fund for Developing Countries (Norfund), the Development Bank of Austria (OeEB), France's Proparco, the Belgian Corporation for International Investment (SBI-BMI), the Swiss Investment Fund for Emerging Markets (SIFEM), Società Italiana per le Imprese all'Estero (SIMEST), Portugal's Sociedade para o Financiamento do Desenvolvimento (SOFID) and Swedfund International AB.

Acronym	National Agency, Country
AECID	Agencia española de cooperación internacional al desarrollo, Spain
AFD	Agence française de développement, France
BIO	Belgian Investment Company for Developing Countries
CDP	Cassa depositi e prestiti S.p.A., Italy
COFIDES	Compañía española de financiación del desarrollo, Spain
DEG	Deutsche Investitions- und Entwicklungsgesellschaft mbH, Germany
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, Netherlands
KfW	Kreditanstalt für Wiederaufbau, Germany
PROPARCO	Groupe Agence Française de Développement, France
RVO	Rijksdienst voor Ondernemend Nederland (Netherlands Enterprise Agency), Netherlands
SIMEST	Società Italiana per le Imprese all'Estero, Italy
USAID	United States Agency for International Development, USA