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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX II

to the Commission Implementing Decision on the financing of the multiannual action plan for 2023 – part IV and for 2024 – part II in favour of the Americas and the Caribbean

Action Document for Economic Integration 4 Sustainable Trade in Central America

MULTIANNUAL ACTION PLAN

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

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Economic Integration 4 Sustainable Trade in Central America OPSYS number ACT-61838 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	No <i>Synergies with the existing TEIs will be established.</i>
3. Zone benefiting from the action	The action shall be carried out in the countries that are members of the Central American Economic Integration System: Costa Rica, Guatemala, Honduras, El Salvador, Nicaragua, Panama.
4. Programming document	<ul style="list-style-type: none">○ The Americas and the Caribbean Regional Multi-Annual Indicative Programme 2021-2027¹, Central American sub-window○ Republic of Costa Rica Multi-Annual Indicative Programme 2021-2027○ Republic of El Salvador Multi-Annual Indicative Programme 2021-2027○ Republic of Guatemala Multi-Annual Indicative Programme 2021-2027○ Republic of Honduras Multi-Annual Indicative Programme 2021-2027○ Republic of Nicaragua Multi-Annual Indicative Programme 2021-2027
5. Link with relevant MIP(s) objectives / expected results	Central American Sub-Window, Sustainable Economic Integration Specific Objective: enhance the effectiveness of implementation of the trade provisions of the Association Agreement signed between the European Union and Central America Expected Result: progress towards economic integration, with improved sustainable development standards. Through its multi-country components, the action contributes to achieving the objectives of each beneficiary country as outlined in the Multi-Annual Indicative Programmes 2021-27 of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

¹ The distribution of contributions is: Central American sub-window EUR 9.7 M, Costa Rica EUR 0.2 M, El Salvador EUR 2 M, Guatemala EUR 1.5 M, Honduras EUR 1.5 M, and Nicaragua EUR 0.6 M; C(2021)9356, 13.12.2021.

PRIORITY AREAS AND SECTOR INFORMATION				
6. Priority Area(s), sectors	Sustainable and inclusive economic development, trade facilitation, regional integration, business and human rights, sustainable value chains, market access support, intellectual property.			
7. Sustainable Development Goals (SDGs)	<u>Main SDG: SDG 8 Decent work and economic growth</u> Other relevant SDGs: SDG 5 Gender equality SDG 9 Industry, innovation and infrastructure SDG 10 Reduced inequalities SDG 12 Responsible consumption and production SDG 14 Life below water SDG 15 Life on land SDG 16 Peace, justice and strong institutions			
8 a) DAC code(s)	DAC code 1 – 33120 Trade Facilitation – 50% DAC code 2 – 32130 Small and medium-sized enterprises (SME) development DAC code 3 – 31220 Forestry development DAC code 4 - 33130 Regional trade agreements (RTAs) DAC code 5 - 250: Business & Other Services			
8 b) Main Delivery Channel	Channel 1: Public Sector Institutions – 10000 Channel 2: Private sector institutions - 60000			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input 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 checked="" type="checkbox"/>	<input 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"/>
	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 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	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	
	digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital entrepreneurship	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	
energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	<p>Budget line(s) (article, item): BGUE-B2023-14.020140-C1-INTPA</p> <p>Total estimated cost: EUR 16 000 000</p> <p>Total amount of EU budget contribution EUR 15 500 000</p> <ul style="list-style-type: none"> - with indicative co-financing by Germany of EUR 500 000 <p>As part of the EU budget contribution, the action combines:</p> <ul style="list-style-type: none"> - EUR 9 700 000 from the Multiannual Indicative Programme 2021-27 for the Americas and the Caribbean, - EUR 200 000 from the Multiannual Indicative Programme 2021-27 for Costa Rica, - EUR 2 000 000 from the Multiannual Indicative Programme 2021-27 for El Salvador, - EUR 1 500 000 from the Multiannual Indicative Programme 2021-27 for Guatemala, - EUR 1 500 000 from the Multiannual Indicative Programme 2021-27 for Honduras, - EUR 600 000 from the Multiannual Indicative Programme 2021-27 for Nicaragua. 			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through:			

	Grants to Central American Economic Integration System (SIECA) for components 1 and 2 Service contract for component 3 Indirect management with the entity to be selected in accordance with the criteria set out in section 4.3.3 for component 4
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1.2 Summary of the Action

The action aims at strengthening Central America's economic integration process and maximising the benefits of the Association Agreement between the European Union and Central America (EU-CA AA), including increased opportunities for trade and investment in a Global Gateway perspective. The action builds on, and scales up, core trade facilitation activities supported by previous and ongoing EU support in the area, in particular via the INTEC programme (DAC codes 32130, 33120, 33130) and AL-INVEST Verde programmes. The action has a particular focus on contributing to climate action and on the private sector by accompanying the European Green Deal legislation² (31220) via four components:

1. Implementing the Association Agreement to promote trade and investments

This component will contribute to the consolidation of the economic integration process in Central America, adhering to the principles of the EU-CA AA, with the objective of generating enabling conditions to enhance regional trade and boost investment opportunities in the priority areas of the Global Gateway Investment Agenda (GGIA).

2. Deep Integration as a scalable model for Central America (*Integración Profunda*)

This action will support the Deep Integration Process between Guatemala, Honduras and El Salvador. It will contribute to regulatory convergence, to reducing transit times and costs of cross-border trade, and support the implementation of a roadmap developed between the countries in the broader context of the Central American Trade Facilitation Strategy.

3. Trade for Sustainable Development

By strengthening the participation of the private sector in the implementation of the EU-CA AA, alongside trade unions and civil society, the action aims to support progress in the trade and sustainable development agenda (human rights, decent work, economic empowerment/inclusivity) and related dialogue, and contribute to unlocking potential for investment opportunities. Gender related issues will be given a particular importance.

4. Sustainable coffee value chain for all

The activities will contribute to a more secure and stable trading environment in Central America for compliant deforestation free coffee produced by all coffee smallholders. The activities will contribute to clarity, to regional capacity and to a concrete harmonised framework of standards on digital infrastructure and workable concepts that can cover all farmers in an efficient and sustainable way while making national efforts and systems interoperable.

Components 2 and 4 are multi-country initiatives, enhancing the impact of bilateral projects in these sectors, complementing in particular the coffee components of the bilateral climate change programmes in Guatemala and Honduras, and the Inclusive Economic Development action in Guatemala. The activities in support of a sustainable value chain for coffee are coordinated with the sustainable trade component of the regional Five Great Forests project. The action complements the regional EU-LAC sustainable and inclusive economy programme AL-INVEST Next as well as its predecessor AL-INVEST Verde, with specific focus on strengthening the long-standing partnerships with key stakeholders of the economic integration process in Central America, addressing the sub-region's specific challenges and opportunities.

The action aims at exploring the full potential of the Association Agreement in a Global Gateway spirit to improve predictability for EU investments, reducing barriers to trade, promoting sustainability and regional connectivity and improving circulation of goods and services within Central America. Strengthening and improving the participation of Central America's private sector and civil society in the regional integration mechanisms will also have an impact on the depth and speed at which Global Gateway initiatives are developed and implemented in the sub-region, in areas of common interest (including green and blue economies) and sustainable investments notably in GGIA priority areas like e-mobility, renewable energy, connectivity, health and agriculture. The action also

² Regulation (EU) 2023/1115 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation, OJ L 150, 9.6.2023, p. 206–247

gives a response to the external dimension of EU policies, notably as part of the European Green Deal legislation, in particular those on deforestation-free products and environmental and social due diligence. If traceability systems are put in place they can serve to underpin other aspects of sustainability that may increase market acceptance, such as child-free labour, organic agriculture, women's cooperatives, GIs etc. Many countries refer in their Nationally Determined Contributions (NDCs) to reducing deforestation as a priority with high mitigation potential, including efforts to implement Reducing Emissions from Deforestation and Forest Degradation (REDD+).

The Action will be in line with the EU Gender Action Plan 2021-2025 (GAP III)³ and its thematic area of engagement "Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation", as well as the new EU Consensus on Development, the Human rights and democracy Action plan⁴ and the Human Rights Based Approach Toolbox⁵, the EU Strategy on the rights of the child⁶, and the EU Strategy for the Rights of Persons with Disabilities 2021-2030⁷, and the EU Guidance Note Disability inclusion in EU external action.⁸ In this regard, persons with disabilities are recognised as being at increased risk from climate change effects, yet very little is known about how persons with disabilities and their representative organisations have been engaged in climate change adaptation and mitigation measures to date.⁹

2 RATIONALE

2.1 Context

The economic integration process among the six member states of the Central American Economic Integration System (SIECA) is the most advanced in the LAC region and one of the most successful in the developing world. Thanks to this, 99% of the products traded between these six countries enjoy duty and quota free circulation, and 30% of the value of exports is traded within the region. Yet, intra-regional trade flows are slowed down to an average speed of 18 km/h due to poor transport infrastructure, and by lengthy and complex border processes.

The Customs Union (or Deeper Integration) of Honduras, Guatemala and El Salvador is progressively being rolled out to reduce delays and costs in merchandise trade between the three countries. A stated objective of the EU CA AA is to promote regional integration. This action aims to reduce red tape and costs of cross-border intra-regional and extra-regional trade, therefore stimulating economic growth and jobs. According to SIECA's own estimation, a full customs integration of the region could yield between 1 and 3% extra GDP growth/annum.

The EU has been providing support to the integration process, also thanks to the political and legal framework of the **EU-CA Association Agreement (EU-CA AA), which can be rightly considered a EU trade success story** with regards to its economic, social and environmental impact. This is evidenced by the recently concluded ex-post impact assessment report¹⁰ as well as trade and investment statistics of the last few years, showing that trade between the EU and Central America has not only been resilient during the COVID-19 pandemic but also increased and strengthened. The EU remains the region's biggest investment and services partner, as well as the second biggest trade partner in goods. The positive impact of the agreement has been further felt in the level of progress in the regional integration process and the social and environmental sustainability of the exporting sectors thanks to the impactful cooperation activities carried out at regional and national level. As a result, despite remaining a

³ The [Gender Action Plan III](#) is a Joint communication by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy which was welcomed through [EU Presidency Conclusions](#) of 16 December 2020. Drafting was led by European Commission in close consultation with EU Member States, EEAS, civil society organisations, partner governments, and international organisations (UN entities, International Finance Institutions among others). The different parties contributed to the drafting of the document through meetings and through responses to a survey conducted during the process.

⁴ http://europa.eu/rapid/press-release_STATEMENT-17-1547_en.pdf

⁵ [HRBA Toolbox](#)

⁶ The [EU Strategy on the Rights of the Child](#) is a communication by the Commission which was welcomed through [Council Conclusions](#) of 9 June 2022 confirming the commitment expressed in the strategy and calling upon the European Commission and the Member States to implement the various aspects of the Strategy.

⁷ [Strategy for the rights of persons with disabilities 2021-2030](#).

⁸ [EU Guidance Note Disability inclusion in EU external action](#)

⁹ [EU Guidance Note Disability inclusion in EU external action](#)

¹⁰ [Ex-post evaluation of the implementation of part IV of the Association Agreement \(Trade Pillar\) between the EU and its Member States and Central America](#)

region marked by a significant degree of political instability and eminent cases of breaches of human rights and democratic standards, most countries in the region have sided with the EU on many multilateral initiatives.

However, there is still work to be done to reap the Association Agreement's full potential in terms of standards and policies. This requires **continuing working with the Secretariat for Economic Integration in Central America (SIECA) in a Global Gateway spirit to reducing barriers to trade and investment, promote regional connectivity and improve circulation of goods and services within Central America**. At the same time, it requires leveraging AA platforms such as the Trade and Sustainable Development Committee, the Civil Society Forum and the Advisory Groups (with the private sector) to translate the European Green Deal principles (including the deforestation-free import regulation) into political action (DAC 31220). The New Agenda for Relations between the EU and Latin America and the Caribbean¹¹ highlights the importance of supporting the implementation of the Association Agreement, which sets rules and incentives for private sector investment. **Regional integration is an important element of the agreement by creating bigger markets and improving market access**. Therefore, it is in the EU's interest to continue supporting regional integration in Central America and the institutions mandated by the SIECA member states to drive this integration process. The EU-CA AA was the first fully fledged Association Agreement in Latin America, with Central American markets facing particular challenges such as market size and political climate to attract investment. Through technical cooperation and capacity building, support will be provided to SIECA and its member states in becoming more attractive for sustainable investment and innovation. Supporting the **deeper economic integration process between Guatemala, Honduras and El Salvador**, with the ambition to create a fully fledged Customs Union, can contribute to regional stability with improved opportunities for trade and investment and help address challenges including inequality and migration and forced displacement.

As such, the action addresses the need to create opportunities in the Central American subregion, building on the existing integration mechanisms and strengthening the EU's differentiated role in supporting the region's integration process. The components promoting active participation of the private sector are complementary to the regional EU-LAC sustainable and inclusive economy programme (AL-INVEST Next), improving the link between the partnership with SIECA – on building institutional capacity, promoting labour and environmental standards, and helping create better conditions for quality investments – with concrete opportunities for the EU Member States' private sector to invest.

In line with CA's Trade Facilitation and Competitiveness Strategy, the Road Map for a Central American Customs Union and the Trade Facilitation Agreement of the World Trade Organization, the action will support trade facilitation and capacity to trade on intra- and trans-regional level (DAC 33120, 33130) as a way to stimulate ongoing investment and improve business environment and investment climate.

It is in the EU's strategic interest to engage in a more structured dialogue with Central America's private sector. The Consultative Committee for Economic Integration (CCIE) is represented in the Trade and Sustainable Development Board (Part IV, Chapter VIII, Art. 294). The Committee has a mandate from Central American governments and the Council of Ministers of Economic Integration (COMIECO) to represent the private sector for all matters related to economic integration. The chambers and associations that form the CCIE's regional member federations are already providing business support services to their members, mainly SMEs and have an interest to meet EU market requirements for sustainability. While it is an important and representative umbrella organisation of all Central American business support organisations, CCIE would need to be strengthened to participate in the EU – CA AA committees in a more significant way and facilitate dialogue and policy input from the private sector. This includes a meaningful dialogue with trade unions and civil society. The Staff working Document of the EU-CA AA Ex-post evaluation made several recommendations to **improve the implementation of the Trade and Sustainable Development chapter** (aligned with the TSD review roll out action plan). Central America's private sector wants to continue exporting to the EU and is therefore an important potential driver of change on environmental and social matters. The ambition is to set up a Facility to provide assistance related to studies, technical assistance, and support the civil society. Gender-related aspects and in particular women's economic empowerment will be given a particular importance. As part of their efforts to ensure a greater gender equality and a more effective implementation of the TSD provisions and ILO Conventions No. 100 and 111, the ex-post evaluation recommends to CA governments in cooperation with private sector should continue efforts to ensure an equal access of women to education, vocational training, job opportunities, professional development and career progression to managerial positions. Additional measures should include creating an enabling environment, including by providing childcare facilities and ensuring safety at the workplace and on the way to it.

¹¹ [A New Agenda for Relations between the EU and Latin America and the Caribbean](#)

Moreover, given the reported violence and sexual harassment affecting women in some CA countries in different sectors, including those exporting to the EU, CA government may consider ratification and implementation of the ILO Convention No. 190 addressing violence and harassment at the workplace,¹² **This Facility for the private sector could also link to investment opportunities and catalyse EU investments.** It will feed on private sector intelligence via the CCIE and benefit from lessons learnt under the EUCATrade Facility and also provide match-making to facilitate informed advisory services for the private sector. Additional to actions directly related to Market Access Barriers to be tackled by the LAC programme, economic sectors that have a high potential for green growth favourable to a particular country and/or the region and EU investors will be promoted with particular consideration for GGIA flagship areas in Central America (transport, renewable energy, connectivity, health, agriculture, etc.). The facility would also tap into private sector's intelligence to monitor and contribute to the EU-CA AA provisions regards among others technical regulations, competition, SPS, customs cooperation and digitalisation (also strengthening the ongoing programme on the Digital Trade Platform PDCC).

New and forthcoming EU market requirements increasingly require that EU importers identify the source of products that they place on the market and that they are able to assure competent authorities that they have been produced in accordance with certain conditions (deforestation-free, no use of child labour, respect of human rights). This requires increased traceability of products. In addition traceability systems can help provide information to differentiate products on the market, such as supporting Geographic Indications, fair trade or other certification schemes. An immediate priority is the **EU Regulation on deforestation-free products (EUDR)**¹³ which will apply from end of December 2024. The legislation requires operators and traders of seven commodities and derived products (Cocoa, Coffee, Rubber, Soy, Beef/ hides and skins, Palm Oil and Timber) to provide due diligence statements confirming that the shipment contains only products that have not been produced on land deforested after 31 December 2020 and to provide the geolocalisation of all plots that have contributed to the shipment of products and needs an assessment of these geolocalisations against detailed, satellite forest maps. Accompanying risk mitigation strategies in case of deforestation (risk) are also asked. More recently, the European Commission has proposed a Corporate Due Diligence Directive (CS3D) which would require EU operators to have information on the environmental and human rights impacts of products placed on the market in the EU. If adopted, the Directive would imply more transparency in the value chain and a continuously improving contribution of the operators and traders to farmers' and workers' wellbeing, including prevention of child labour. **The traceability systems developed in Central America should help meet the requirements of the EUDR as well as other requirements on due diligence.** Forests have a big influence on rainfall patterns, water and soil quality and flood prevention too which is important to maintain resilience and adapt to climate change, where millions of people rely directly on forests as their home or for making a living. Reducing deforestation and forest degradation is also a priority with high climate mitigation potential.

Amongst the several value chains impacted by the EUDR in Central America (CA), coffee is considered as the most important one, with highest volumes of coffee produced in Honduras and Guatemala. In both countries the coffee production is decreasing, due to low return prices and labour scarcity, farmers tend to abandon their farms. Today, Honduras exports 58% of its coffee to the EU (Costa Rica 25%, El Salvador 29%, Guatemala 21%, Nicaragua 22% and Panama 13%). Honduras and Guatemala are amongst the top 10 coffee exporters (volumes) to the EU.

There are about 120 000 coffee farmers in Central America, of which 80% are smallholders. On average, only 30% are organised in permanent groups or cooperatives (wide divergence over the different countries in Central America) and 35% is certified – with large divergence between the Central American countries. Less than 5% of the coffee farmers (and plots) are currently digitally traceable. For non-organised farmers, the value chain is long and informal in most Central American countries. Smallholders depend on (often informal) middle men, who also provide expensive, informal credit. There are many female-headed coffee farms due to emigration of males and these households suffer relatively more from the labour scarcity in the region. There is no official and systematic monitoring of deforestation via satellite maps by the respective governments or coffee institutions, except for Costa Rica. Other than Costa Rica, Central American countries have a poor environmental performance (Guatemala is the worst performing). Assessment of compliance with the EUDR is complicated by the fact that many coffee plantations are in agroforestry systems with different levels of tree cover. In the broader sense, this **intervention in the coffee value chain in Central America will demonstrate the principles of trade and sustainable**

¹² [Ex-post evaluation of the implementation of part IV of the Association Agreement \(Trade Pillar\) between the EU and its Member States and Central America](#)

¹³ [Regulation \(EU\) 2023/1115 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation, OJ L 150, 9.6.2023, p. 206–247](#)

development, and in particular will help provide Central American countries with tools to improve traceability and product differentiation and allow them to demonstrate that they meet new EU requirements on due diligence and deforestation. This component will directly contribute to climate change mitigation by supporting deforestation-free products and sustainable forestry that contribute to the protection of forest and plant cover and against soil degradation; and the targeted agri-food systems transitioning towards climate-smart and regenerative agriculture. The activities complement the coffee components of the bilateral climate change programmes in Guatemala and Honduras, and the Inclusive Economic Development action in Guatemala and are coordinated with the sustainable trade component of the regional Five Great Forests project. The COP 16 report assesses that “gender equality and the effective participation of women and indigenous peoples are important for effective action on all aspects of climate change”, and the Paris Agreement promotes gender equality and women’s empowerment.¹⁴

2.2 Problem Analysis

The ex-post evaluation of the EU-CA AA identified that, after 10 years of implementation, additional support is needed in order to complete economic integration in Central America and contribute to the full implementation of the agreement’s trade and sustainable development chapters.

Components 1 and 2 focus at different levels on Central America’s economic integration process as a driver of economic growth for the region, but also as an enabler for more trade and investments in a Global Gateway spirit. The components will support core implementation functions of the AA, seeking to **address business environment inefficiencies, promote rule-based inclusive trade and investment, as well as healthy competition.** Components 3 and 4 build on the regulatory framework of the first two components and focus on the trade and sustainable development, with a strong focus on the private sector. Component 3 supports, in particular, the role of the private sector as a driver for national reforms on environmental, social and labour standards in line with the European Green Deal, in particular the Regulation on deforestation-free products. Component 4 seeks to put the principles into practice and support one representative regional value chain – coffee – as a demonstration of the approach.

The AA ex-post evaluation was not able to identify systematic and objective information on the benefits of the agreement in the reduction of gender inequities or the empowerment of women (GEWE) as producers, workers and exporters. And although the econometric models used in the evaluation allow inferring socioeconomic benefits in which women are participating (export capacity, decent work, social protection, among others), the positive intersectional effects in the family and community spheres are unknown. Therefore, gender work must be deepened and component 3 will attempt to reinforce the role and commitments of the private sector in order to improve and promote the competitiveness of Central American exporting companies led by women, with a special focus on SMEs.

Within the regional policies and instruments in the economic sub-system of integration, SIECA coordinates and provides technical support for different initiatives such as the Roadmap for the Customs Union (2015-2024), the Deep Integration Process between El Salvador, Guatemala and Honduras, the Central American Trade Facilitation Strategy (ECFCC) or the Regional Master Plan for Mobility and Logistics, among other economic initiatives developed by regional institutions that make up the economic sub-system. The ECFCC is based on the Coordinated Border Management model, which requires inter-institutional coordination of all authorities present at border posts to improve border collection, control and security procedures, and thus facilitate the transit of goods and people. The ECFCC promotes business competitiveness and takes into consideration the social and economic impact on border communities. It is composed of five short-term measures, eight medium- and long-term measures, and three cross-cutting tools or axes. Cross-cutting axes are: the Central American Digital Trade Platform (PDCC), the Strengthening of the National Trade Facilitation Committees and the Typification and implementation by country pairs and border pairs. The Council of Ministers of Economic Integration (COMIECO) has mandated the technical groups and SIECA to update the ECFCC by 2023 in order to strengthen the implementation of the ECFCC measures. Advances in economic regional integration led by SIECA in the six countries of the region, and a deeper integration in three of these, are also highly relevant to overall objectives of the Agreement and more specifically to potential improving market access and treatment of EU products in Central America.

¹⁴ [IDB. Gender, Forests and Climate Change. 2021](#)

Central America has an infrastructure and connectivity gap that provides opportunities for EU investment. In May 2023, COMIECO adopted the **Regional Mobility and Logistics Master Plan, presented and prepared under the supervision of SIECA.** While the plan has a potential of more than 300 investment projects for regional interconnectivity, including maritime and railways, it is for the time being rather a compilation of national infrastructure projects. It is intended to support SIECA's efforts to identify concrete investment opportunities for the EU private sector.

The Deep Integration process, initially between Guatemala and Honduras, was launched in December 2014. It is characterised as a gradual and progressive process, with the objective of moving towards the constitution of a Customs Union in the region, allowing the free circulation of goods, depending on their origin, trade facilitation and free mobility of natural persons. On 26 June 2017, the first stage of the process was implemented and the Single Customs Territory integrated by the two States Parties (Guatemala and Honduras) was formed, within which the trade operations of community goods are carried out, both those enjoying free trade and those exempted. On 26 July of the same year, El Salvador initiated its accession to the Deep Integration Process, which formally concluded with the deposit of the instrument of accession in November 2018. In December 2021, the Ministerial Instance approved the roadmap to implement El Salvador's incorporation to the process. The Deep Integration model developed by the States Parties responds to the Central American Strategy for Trade Facilitation and Competitiveness with emphasis on Coordinated Border Management.

In the bi-regional Central America-European Union dialogue, Central American private sector participation has been marginal, even as it is contemplated both in the AA as well as in the regional integration instruments. The Consultative Committee for Economic Integration (CCIE) has been granted an advisory role in both, AA and the economic integration process, but its participation is not carried out in a structured way that would allow for it to fulfill its advisory role as well as have more influence in the decisions made by the public institutionality. **Strengthening and improving the participation of CCIE in the regional integration mechanisms will also have an impact on the depth and speed at which Global Gateway initiatives are received in Central America,** thus providing the EU with an interlocutor that speaks the same language in terms of economic development (including green and blue economies) and sustainable investments. Moreover, it would contribute to Global Gateway initiatives to move forward faster within public institutions as the Central American private sector grouped into CCIE would be an ally in supporting initiatives for the improvement of public infrastructure, the energy supply, waste management, etc.

Currently, the dialogue between the EU and Central America is almost exclusively carried out at the public-public level. Supporting the participation of Central America's private sector in the bi-regional dialogue would not only benefit the EU-CA AA and regional integration dynamics but also improve the conditions to pursue Global Gateway initiatives in the region.

Agricultural activities account for 90% of global deforestation and with the deforestation regulation, the EU aims at contributing to the preservation of forests, mitigation of greenhouse gas emissions, and enhancement of climate resilience due to its role of large import market for products that could contribute to such deforestation. The situation of the **implementation of the EU DR in Central America is fluid.** There is a low understanding and capacity of governments, many local agro-businesses, and other stakeholders to implement the Regulation on deforestation-free products. Moreover, several countries in Central America currently do not have a National Action Plan on Business and Human Rights or traceability and lack deforestation policies or full implementation thereof. At the same time, bigger international coffee traders are already installing traceability systems in parts of the countries of Central America, with a priority for mapping plots of organised farmers and despite persisting unclarities on the exact implementation mode of the EUDR, as brought up by traders and national coffee institutions during a regional fact finding workshop to prepare the action. Inclusion of smallholders in vulnerable situation, especially indigenous and unorganised smallholders, in the traceability and risk assessment systems for coffee can be at stake in Central American countries because these farmers can be more prone to deforest, have less access to information, they are more often illiterate and without mobile phone and/ or they are scattered in informal, long value chains - hence leading to more costly mapping and tracing of smallholders and coffee for traders. This is disproportionally the case for women-headed coffee farms. Moreover, restructuring the value chain will demand fast alternatives for smallholders to access finance (to replace informal credit from the current coffee collectors, which can take years).

Traders can choose to source coffee in other countries and regions, at a lower cost of traceability and lower risk of deforestation. Also, due to the challenging requirements or late information, smallholders can decide to quit coffee production and change to other crops or alternative strategies which can threaten the continuity of coffee trade and can cause adverse environmental impact. Due to the many different data systems and approaches used, and the

lack of clarity on what is exactly needed in terms of digital data infrastructure (e.g. data standards, forest layers considered), different data systems are not interoperable and can only be used by the trader using the systems. This can cause situations of data monopolies in the hands of certain traders, potentially putting farmers or coffee roasters under pressure. Moreover, roasters will need to host different sets of data, collected and stored in different systems. **The insecurity caused by the remaining questions on the implementation of the EUDR magnifies this risk for inclusivity.** The diverse and uncoordinated approaches can undermine the credibility of each of the systems. National Coffee Institutions start to look into organising public, open-access traceability and deforestation risk assessment systems and NGOs start to train farmers in an inclusive way. This is happening with different level of appetite and different level of progress but generally they miss support and guidance and are eager to learn from each other. Stakeholders do not fully capture yet that the EUDR leaves space to stakeholders to establish their own credible solutions for compliance. Some also miss access to some international digital innovations for traceability and risk assessment. The action aims at establishing a **structured dialogue with the international private sector, while roasters are very keen on co-investing in more inclusive traceability and risk assessment systems and standardised tools/ results.** Roasters may not only fear the power of traders commercialising data of farmers, but also want to preserve a wide and heterogeneous sourcing basis for their coffee so they can continue their high quality blends. Lastly, putting guaranteed deforestation free and inclusive coffee on the market is an absolute priority in terms of marketing in the EU market for roasters.

Key stakeholders

Components 1 and 2: SIECA as the regional institution for economic integration as mandated by its member states, national authorities and agencies.

Component 3: CA and EU private sector (in particular CCIE and its member organisations as part of the EU-CA AA).

Component 4: PROMECAFE (regional research and cooperation network of coffee institutions, IICA and CATIE), national coffee institutions, OIRSA (regional organisation in Central America supporting traceability of products under phyto-sanitary regulations and compliance), International Coffee Organization, the global Coffee Public Private Taskforce, national exporters, international roasters and traders.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective of this action is to **strengthen regional integration to increase the benefits of the Association Agreement between Central America and the European Union.**

The Specific Objectives of this action are to:

1. Improve trade flows and help create the conditions for sustainable investment in key GGIA priority areas, in particular through regional convergence and the implementation of the Association Agreement.
2. Improve structured and inclusive dialogue with the private sector, unlocking EU investment opportunities in a Global Gateway perspective
3. Contribute to climate change mitigation and adaptation via a deforestation-free coffee value chain in Central America, addressing the impact of European Green Deal legislation.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives:

- 1.1 Improved regulatory frameworks and trade facilitation, and increased capacity for private and public actors to efficiently contribute to the implementation of the AA.
- 1.2 Strengthened regional integration, in particular between El Salvador, Guatemala and Honduras, through digitalisation and automation of customs procedures and harmonisation of standards and regulations.
- 2.1 Improved compliance with environmental, social and labour standards, in particular gender equality issues, from a structured and inclusive private sector engagement and leverage in policy reforms.
- 3.1 Increased capacity to meet EU market requirements, including deforestation-free, especially for smallholders.

3.2 Indicative Activities

Activities relating to Output 1.1

Measures implemented to strengthen the application of the updated version of the Central American Trade Facilitation Strategy, the promotion of digitalisation of regional trade, the commercial promotion of small and medium-sized companies, regulatory convergence, and institutional development.

The activities concern SIECA's core business and mandate for economic integration, also accompanying the work of the EU-CA AA's technical sub-committees related to:

1. Trade Facilitation and Promotion

- Strengthen and deepen the coordination of Central American border posts with the technical support by SIECA.
- Strengthen the public, private and civil society dialogue in particular with a view to the generation of proposals for strengthening the Central American economic integration process and sustainable investments opportunities.
- Support a mid-term evaluation of the Central American Trade Facilitation Strategy (ECFCC),
- Technical assistance for the implementation of the recommendations of the first edition of the Study of Regional Dispatch Times, considering the advances and analysis carried out by the Ad Hoc group designated to follow up on this issue.
- Strengthen knowledge and capacities in terms of internationalisation of products and services, business innovation programmes, digital economy, and sustainability between Central American and the Europe Union.

2. Tariffs

- Improve the consultation platform of the Central American Import Tariff (ACI), administered by SIECA, through IT development, aimed at offering information on import requirements and allowing greater interactivity and generation of technical tariff information used by foreign trade operators.
- Customs cooperation with the EU as foreseen in the AA.

3. Digitalisation

- Strengthening the IT development components of the Community Interconnection Platform (PIC), which includes FYDUCA, MSF Notification, DUT-C, among others.

4. Trade on Competition Policy

- Preparation and dissemination of technical materials on competition policy, under the coordination of the Central American Competition Committee (CCC).

5. Intellectual Property

- Preparation of a proposal for a Regional Intellectual Property Strategy for the Economic Subsystem, in coordination with the corresponding regional technical group.
- Design and implement a regional campaign to promote the development of Technology and Innovation Support Centres (CATIS).
- Strengthen cooperation with EUIPO.

6. Government Procurement

- Improved public procurement systems based on standardised assessments (Methodology for Assessing Procurement Systems – MAPS), accompanied with training for economic operators on how to use the online systems;
- A regional training programme for public procurement in Central America, aimed at small and medium-sized companies, especially those led by women, to strengthen access to procurement markets and regional trade.

7. Trade in services and investment promotion

- Coordinated actions with national and regional stakeholders to support trade in services in areas such as statistics and information on services
- Support to domestic regulations to comply with the General Agreement on Trade in Services (GATS).

Consolidation of the Central American Economic Integration process in terms of trade in services and investment facilitation, public purchases, sanitary and phytosanitary measures, sustainable trade, intellectual property, risk management and gender

1. Sanitary and phytosanitary measures

- Develop technical assistance and training aimed at specific sectors and the public sector on EU regulations.
- Promote and contribute to regulatory convergence and progressive harmonisation of national legislation.

2. Promote the full integration of Panama

- Supporting the Protocol for Panama's integration, in particular in the areas of:
 - Technical regulations (RTCA)
 - Import tariffs
 - Transition to free circulation of goods

3. Formulation and implementation of regional technical rules (RTCA) - Annexes XIX and XX of the AA

Unlocking the potential of the Regional Mobility and Logistics Master Plan in a GGIA perspective.

Formulation of proposals, in coordination with the Inter-Institutional Logistics Commission (CLI) related to the following:

- a) Identify the appropriate financing mechanisms according to the type of project included in the Regional Master Plan portfolio in line with GGIA priority areas.
- b) Technical assistance to strengthen the implementation capacity of the countries of the Regional Master Plan.
- c) The digital transformation strategy of the transport sector in Central America, which allows the interoperability of the Central American Digital Trade Platform, single windows for foreign trade, information systems for port communities, RFID and GPS technologies, etc.
- d) Identification of regional regulations and technical manuals that need to be updated for the design and construction of resilient road infrastructure in the face of the effects of climate change and the threats of disasters in Central America.

Activities relating to Output 1.2

Consolidation of the Deep Integration Process between Guatemala, Honduras and El Salvador, by strengthening the facilitation of trade in goods and the free movement of people.

- Automation of customs procedures in coordination with the customs authorities of El Salvador, Guatemala, and Honduras.
- Harmonisation of SPS regulations, in coordination with the corresponding technical committee.
- Local border community issues, including a population and economic census in the cross-border communities of the Deep Integration Process (PIP), and recommendations for the relocation of economic activities with an emphasis on strengthening the economic empowerment of women at border posts
- Social intervention at the border crossing: coordinated actions with a focus on security, gender, migration and forced displacement readaptation of the local labor force to the new economic environment through training and entrepreneurship programmes.
- Provide technical assistance to prioritise projects identified in the strategic corridors that connect the countries that are part of the deep integration process, based on economic and financial indicators
- Provide technical assistance to carry out pre-feasibility studies of prioritised projects, to improve the connectivity of the countries that are part of the deep integration process.
- Action plan for improvements in the transit of people, in coordination with the Technical Customs and migration table

Strengthened institutional capacities for the improvement and facilitation of the Central American Economic Integration process.

- Support the Presidency Pro Tempore in its mandate to represent CA in the EU-CA AA committees and prepare annual meetings.

- Implement IT development to enhance the capabilities of the REDCA platform and an interactive IT tool for intraregional trade statistics that includes DUCA F and FYDUCA variables.

Activities relating to Output 2.1

Unlocking investment opportunities and implementation due diligence requirements

- Set up a Facility that can deliver on the GGIA priorities while promoting inclusive and sustainable trade.

The facility would support CA private sector participation in the dynamics of the economic integration process and the consultation mechanisms of the EU-CA AA, including the implementation of the updated Central America Trade Facilitation Strategy. In particular, the Consultative Committee for Economic Integration (CCIE) will be enabled to perform its role as an organised private sector representative as foreseen in the AA in an efficient way.

The facility will also allow to tap into CA private sector business intelligence and expertise to identify and implement GG projects to link to investment opportunities and catalyse EU investments. It will feed on private sector intelligence via the CCIE and benefit from lessons learnt under the EUCA Trade Facility and also provide match-making and facilitate informed advisory services for the private sector, including EU businesses.

Additional to actions directly related to Market Access (e.g. technical barriers to trade) to be tackled by the AL-INVEST Next programme, economic sectors that have a high potential for green growth favourable to a particular country and/or the region and EU investors will be promoted with particular consideration for GGIA flagship areas in Central America (agriculture, transport, renewable energy, connectivity, health, circular economy, etc.). The facility would also tap into private sector's intelligence to monitor and contribute to the EU-CA AA provisions in Annex XIX and XX as regards among others technical regulations, competition, SPS, customs cooperation and digitalisation (also strengthening the ongoing programme on the Digital Trade Platform PDCC).

Key activities will include:

1. Policy input for the implementation of the EU-CA AA and in particular provisions on trade and sustainable development and efficient participation in the Advisory Groups
2. Strengthening of CCIE
3. A platform for structured and inclusive dialogue chaired by CCIE for representatives from the private sector, government agencies, non-governmental organisations (incl. environmental NGOs), women organisations, indigenous communities, academia, and other relevant parties. Engaging in dialogue can encourage companies to be more transparent about their operations and supply chains. This transparency can lead to better monitoring and accountability for social and environmental practices.
4. Business sectoral events that will provide a platform for the exchange of knowledge, intelligence and potentially also liaison opportunities for EU businesses (including SMEs).
5. Policy recommendations or action plans based on the discussions and input from various stakeholders
6. Capacity-building initiatives, training, and resources to enhance the skills and knowledge of stakeholders in areas related to trade and sustainable development, with a focus on women and indigenous people.

Other indicative activities that contribute to improve social and environmental standards could be:

1. Studies on value chains and compliance with European Green Deal legislation and due diligence requirements
2. Capacity building for civil society and trade unions on the Civil Society Forum and the provisions under the Trade and Sustainable Development Chapters of the AdA
3. TA for the private sector to implement regulations and best practices, workshops on sustainable development and innovation
4. Sectorial round tables on sustainability including private and public sector and academia
5. Dialogue and awareness on consumer rights in CA with the intention to eventually make more informed choices and support companies with responsible practices.

Activities relating to Output 3.1

Deforestation free coffee value chain in Central America

The activities will contribute to a more secure and stable trading environment in CA for compliant deforestation free coffee produced by all coffee smallholders. The activities will contribute to clarity, to regional capacity and to a concrete harmonised framework of standards on digital infrastructure and workable concepts that can cover all farmers in an efficient way while making national efforts and systems interoperable. This will facilitate private

sector operators and traders to continue to source from farmers in vulnerable situation active in more risky coffee value chains.

Strengthened regional (and national) institutional capacity for the facilitation of an inclusive national, regional and inter-regional public-private dialogue on concrete solutions for compliance to EU DR for coffee. This activity will provide institutional support to Promécafé, the regional association of National Coffee Institutions in Central America – the support is a very targeted and timely limited intervention, strictly linked to improved coordination, learning, and international public private dialogue on due diligence and sustainability of the coffee sector. The support can include developing of preparedness tools around due diligence, trainings, networking and communication and information efforts, implementation of studies and pilotes with or by their members, facilitation of processes of their national members, training on capitalisation methods etc. This Facility will also inspire and overview the national action plans on sustainability of coffee of the National Coffee Institutions and their participatory assessment. All the processes will be monitored continuously on their gender, indigenous and youth sensitiveness, including the application of ILO Conventions on child labour (Num. 138 and 182). Promécafé's organisational development and the concrete output of their actions will be followed up closely. At the same time a regional and international public and private dialogue will be strengthened regarding policies and challenges for sustainability in the coffee sector, priorities and solutions.

Improved regional interoperable digital infrastructure, standards, rules and tools shared and available for traceability and compliance of coffee to EU due diligence regulations, once adopted. Under this activity, a regional framework of public digital infrastructure will be designed that supports existing or developing national traceability and risk assessment systems to become interoperable, makes unique farm and plot ID's (that can be used by all) and develops efficient and accessible solutions for the remaining gaps for traceability and risk assessment of all farmers. This will be a joint effort between Promécafé, EU roasters (and later traders), Unilever, the European Space Agency, and other stakeholders. The coffee value chain in Central America would be their first pilot to be implemented in the field. Learning sessions between different countries will be organised to jointly assess their emerging systems and to make them interoperable with the regional framework and tools and vice versa.

The activity will also contribute to a Regional Compliance Platform, prioritising, facilitating and maintaining compliance systems and tools for coffee in Central America. Several stakeholders, including Promécafé, SIECA, OIRSA, coffee export associations and others can together govern this Platform.

Increased development and promotion of innovative approaches and improved monitoring of economic and social sustainability of coffee smallholders and workers, with a focus on women, youth and indigenous people. This activity contributes to the prevention of farmers quitting the production and sale of coffee because of the challenging traceability and due diligence requirements and low income gained from coffee and also contributes to providing them with incentives to comply with due diligence regulations and to mitigate deforestation risks. Promécafé will provide a learning and co-creation space regarding practical solutions for smallholders to access income. As much as possible, the improved traceability and transparency of coffee farmers can be valorised (e.g. make coffee farmer eligible for ecoservices). Also, an intensive cooperation between international, regional and national stakeholders will be crucial, in particular cooperation with programmes on deforestation mitigation and green income. This activity also foresees measures to improve access to (alternative) finance for smallholder coffee producers.

The proposed interventions will contribute to the most recent gender strategies in the Central American countries, particularly to the pillars of Women Economic Empowerment that foresees supporting the integration of women in the economy and in policy making by taking advantage of the new opportunities generated by the green economy and the digitalisation. For coffee and related deforestation risks this is even more important because coffee smallholders are disproportionally female headed households struggling with access to information, finance and labour force. The action will conduct specific gender and youth analyses to ensure mainstreaming across all components, the following measures will be considered among others:

- Trainers of trainers will include women and girls. Young girls will be trained to coach and support older coffee farm holders with extension and with digital tools (for geolocalisation, data analysis and use).
- Development of concepts and tools with women and adapted to their needs and forces. Training packages that consider the perspective of women, indigenous women and young rural people.
- Working with organisations gathering indigenous women-led entrepreneurs.
- Recruitment of women as process facilitators and for technical assistant services.

- Awareness actions that help companies understand the positive impact that an equitable involvement of women and men brings to all company levels in the growth of their businesses. For this, the United Nations manual on emerging practices and principles for the economic empowerment of women developed within the framework of the WEP (the Power of Working Together) initiative will be used to provide guidance to enterprises on how to promote gender equality at the workplace.
- Improve access to finance by women micro-entrepreneurs based on the improved traceability and transparency of female headed coffee smallholders.
- Support awareness and the acquisition of digital skills by the women benefitting from the intervention will be provided throughout different actions.

3.3 Mainstreaming

Environmental Protection & Climate Change

Environmental Protection and Climate Change are significant objectives of the action. Component 3, in particular, supports the role of the private sector as a driver for national reforms on environmental standards in line with the European Green Deal and other sustainability policies. Component 4 aims at contributing to a sustainable coffee value chain in Central America. The latter intervention is fully consistent with the European Green Deal initiative, which proposes transformation of economies and societies to meet climate ambitions, as well as countries' commitments under the UNFCCC Paris Agreement. The compliance with the new EU Deforestation-free regulation is central in the proposed Action (output 3.2.). The intervention supports a harmonised and efficient framework for the identification, mitigation and addressing potential deforestation impacts on of the coffee value chain. It will also allow to raise awareness and increase national capacity on EU regulatory developments on Deforestation Free-Products of relevant stakeholders. Digital traceability tools will be developed. Compliance with the EU law to fight global deforestation and forest degradation driven by EU production and consumption will ensure that a set of key goods placed on the EU market will no longer contribute to deforestation and forest degradation in the EU and elsewhere in the world. Since the EU is a major economy and consumer of coffee, this step will help stop a significant share of global deforestation and forest degradation, in turn reducing greenhouse gas emissions and biodiversity loss that in turn will help building resilience to climate change. Activities to increase the climate resilience of the coffee value chain will be considered during the formulation 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 activities of all components take gender equality into consideration and component 3 has gender equality as a significant objective. The Action will fully take into account gender and youth aspects in conceptualising and implementation of technical solutions and for capacity development. Parties to the UNFCCC have recognised the importance of involving women and men equally in the implementation of national climate policies that are gender responsive. The relationship between climate change, migration and forced displacement and gender inequality has been well established since the Paris Agreement. Women can contribute to the management, sustainable use and conservation of soils, water, forests and oceans significantly.

Human Rights

As part of the EU-Central America Association Agreement, Central American countries have reaffirmed their commitment to respect and promote fundamental labour rights. In this context, the EU follows closely and supports the countries' efforts in this regard. Also, the action will contribute to support the States in order to fulfil their commitments stated in international treaties: Convention on the Elimination of All Forms of Discrimination against Women-CEDAW (articles 11, 14 and 15), International Covenant on Economic, Social and Cultural Rights (articles 3 and 11), Convention on the Rights of the Child (article 24), Additional Protocol to the American Convention of Human Rights in the Area of Economic, Social and Cultural Rights (articles 11, 14 and 19), among others.

Output 3.2 specifically incorporates compliance of the coffee value chain with the European Deforestation legislation, which includes aspects of Human Rights and, if adopted, with the Due Diligence Directive human rights, labour rights and the environment, as a way of achieving the creation and/or sustaining forests and to limit climate change in compliance with human rights standards. This includes a diagnosis on the state of the art of compliance due diligence as well as capacity building of National Coffee Institutions and technical assistance to cooperatives, associations, and trade associations for the incorporation of the human rights-based approach in their policies. This component aims to enable companies to better measure and mitigate environmental risks by

preventing deforestation and indirectly by strengthening regulatory frameworks. This is particularly relevant in the regional and national contexts given the special significance and relationship of indigenous peoples with natural resources. Therefore, this will have a positive catalytic effect on communities. As included in the EU DR and proposed CS3D, respect for the rights of indigenous peoples and compliance with ILO Convention 169 (The Indigenous and Tribal Peoples Convention) and their right to decision will be promoted as part of due diligence and risk assessment in particular. Finally the intervention under output 23.2. will specifically promote approaches to support social and economic due diligence by calculating additional coffee living and prosperous income benchmarks and gap analysis to be used in multistakeholder platforms and by traders to assess the situation and contribute to living income in a sensible way. Also concepts of approaches for farmholders to gain alternative access to finance will be co-created, based on learnings in the region. This can prevent negative effects of possible extra costs to be born by farmers for due diligence. This will also motivate smallholders to valorise their improved traceability to access other types of funding.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. However, the Action will ensure that rights of persons with disabilities will be respected, and the planned activities are disability inclusive. The Action will encourage partners and programme participants to take the initiatives to protect persons with disabilities and invite organisations representing people with disabilities as much as possible. The Action will in line with the Convention on the Rights of Persons with Disabilities (CRPD), the EU Strategy for the Rights of Persons with Disabilities 2021-2030, and the EU Guidance Note Disability inclusion in EU external action.¹⁵

Reduction of inequalities

Based on the assessment of the nature of the intervention, it should be marked as I-1. Since Inequality reduction is a significant objective and the criteria defined are met. Detailed analysis is provided on determinants of inequality related to inclusive compliance to the EUDR, in particular for women and young people, indigenous people and organised coffee smallholders in general. Amongst the countries in Central America, the Gini coefficient shows inequalities in CA that are amongst the most unequal in LAC.

Moreover, The overall objective of the output 3.2. focuses on facilitation of the EU coffee sector traders and roasters to continue to include include smallholders in vulnerable situation and SME's and collectors in their sourcing base and thus in their due diligence statements for the EU DR. This means that public digital infrastructure, specific tools and concepts of approaches need to be developed, based on the existing systems and tools in the region. As much as possible jobs will be created for young people and women in the approaches promoted for compliance. The intervention will further promote pro-equality dynamics in income generation via facilitation of alternative access to finance and monitoring of living income benchmarks, gaps and solutions. Indicators to capture the inclusiveness of the intervention and of compliance to the EU DR are integrated in the logical framework.

Democracy

N/A

Conflict sensitivity, peace and resilience

N/A

Disaster Risk Reduction

Component 3 and 4 accompany the implementation of the EU Deforestation Regulation and therefore contribute to disaster risk reduction.

Other considerations if relevant

N/A

¹⁵ [EU Guidance Note Disability inclusion in EU external action](#)

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Political Risk	Commitment of SIECA Member States to foster regional integration and harmonisation of regulatory framework and advance with deep integration	Medium	Medium	Continued EU engagement with key technical partners to continue the work and preparations for the start of the intervention and the different actions that comprise it
Political risk	Lack of political will of authorities to update some key regulatory frameworks or to cooperate with National Coffee Institutions or other stakeholders from the coffee sector.	High	High	<ul style="list-style-type: none"> - Promote dialogue, awareness and gap analysis to inform possible policies and strategies - Carry out peer to peer experiences and trainings and exposure to international best practices and learnings - Have government agencies participate in the governance of the future Regional Coffee Compliance Platform
Institutional Risk	Lack of structured public-private dialogue.	Medium	Medium	<ul style="list-style-type: none"> - Engage in joint public-private actions to build trust and promote structured dialogue. - Dissemination of good practices on public-private dialogue from the local, national, regional and international level
Programme & operational risk	Reluctance from part of the business sector to comply with the EU deforestation-free regulation products	Medium	Medium	<ul style="list-style-type: none"> - Support public and private institutions with technical assistance and information to strengthen multi-stakeholder dialogue and National Coffee Platforms, supporting national sectoral roadmaps to comply with European regulations; - Intensify raising awareness campaigns with public sector, taking it as a window of opportunity since it would put them at the forefront of compliance with this new EU directive. - Create awareness and appetite to bring up joint solutions for implementation of the EU DR.
Programme & operational Risk	Lack of coordination between the efforts on compliance with the EUDR and existing programmes to support farmers, SME's, deforestation risk mitigation	Medium	High	<ul style="list-style-type: none"> - Strengthen Promécafé for this coordination with donors and other international stakeholders - Joint intervention logic and monitoring system in place.

Gender equality	Insufficient or inadequate gender mainstreaming could reinforce gender inequalities and the non-realisation of human rights in the sector and hinder the efficiency and sustainability of the action.	Medium	High	- Knowledge and tools of gender mainstreaming are available. Gender-sensitive monitoring, use of sex-disaggregated data, and gender-sensitive indicators. Gender mainstreaming is applied in all phases of the project cycle.
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Lessons Learnt:

While not yet pillar assessed, SIECA is an experienced partner to implement EU projects and has the mandate of its member states for economic integration. Many activities build on lessons learnt during the implementation of INTEC currently in its administrative closing phase. There are still major needs for technical assistance in the area of competitiveness, public procurement, IPR, regional technical regulations, etc where SIECA is a driver of change and harmonisation. A direct grant would help to enhance political commitment and provide a sufficient level of ownership by related national administrations and public services.

As an official institution of the EU-CA AA, CCIE's technical and administrative expertise are important for the work of the AA's sub-committees. The proposed action will take into account recommendations of the ex-post evaluation of the EU-CA AA, in particular as regards trade and sustainable development. The articulated work between civil society, the private sector, and public institutions is key to supporting structured and inclusive dialogue between all parties on these issues. Support to private sector would be provided in a more structured and inclusive way. Traders and public agencies in Central America request more clarity on how to implement the EUDR. The EU will not certify or validate certain traceability and risk assessment methods or is so far not planning to develop commodity specific guidelines. It means that it is up to traders and operators to come up with their solutions that are credible and efficient. Several ex-ante studies indicate that coffee farmers in vulnerable situation might be the first to be dropped by traders, in case they are unorganised and isolated. Traders also consider the collected information as competitive and don't share their analysed data with farmers or other stakeholders. There is very limited knowledge about the scope and specific requirements of the new regulations by farmers, local collectors and traders. Workshops should be held in order to inform people about the requirements in both regulations. There are good practices in the countries with regard to georeferenced traceability and in registers of farmers. However, the multitude of private and public sector solutions makes it necessary to harmonise existing systems according to jointly set standards. These standards and frameworks must lead to efficient solutions for farmers, according to the latest innovations, that can easily cover all farmers.

Small and micro producers will need training in order to comply with the new requirements. This is not only about traceability, but also about compliance with administrative or documentation tasks that may be necessary for performing due diligence. A short term pilot project on traceability in the coffee value chain in Costa Rica funded under the TPSD Facility starting in September 2023 will provide further guidance for the regional project.

Also, there are good community practices in forest and wood management, as well as the involvement of and participation by women in coffee-producing cooperatives. These can be strengthened with technical assistance and the possibility of replicating them in other value chains should be analysed to contribute to further progress in social and environmental sustainability of the Central American exporting sectors.

While past projects for economic integration in CA included some activities on gender inclusion, activities of all components of this action take gender equality into consideration and component 3 has gender equality as a significant objective.

3.5 The Intervention Logic

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	Strengthening and promoting regional integration and regulatory convergence in Central America to promote sustainable trade with the European Union	Percentage of effectiveness of the institutional strategic plan of SIECA			Study Center for Economic Integration SIECA	<i>Not applicable</i>
Outcome 1	Improve trade flows and regional integration through regulatory convergence, implementation of trade facility measures and increase benefits of Association Agreement between Central America and European Union	Regional plan for training and skills development and dissemination in trade issues and related to economic integration.	Update Document of the Central American Strategy for Trade Facilitation and Competitiveness with emphasis on Coordinated Border Management. 2022	National training workshops (3) for the implementation of the updated version of the Central American Strategy for Trade Facilitation and Competitiveness with emphasis on Management	-Work plan by country regional work -Plan attendance lists	
Outcome 2	Improve structured and inclusive dialogue with the private sector unlocking investment opportunities and the implementation of due diligence requirements	Capacity building programme on CS3D (if adopted)				
		Number of Match-making and networking fora for private sector				

		Number of Technical Regulations consulted with CCIE				
Outcome 3	Contribute to a deforestation free coffee value chain in Central America	Number of countries in which Ministries of Economy, Minister of Agriculture and Ministry of Environment have agreed on a strategy for inclusive traceability and compliance for deforestation-free coffee for all coffee farmers	0	5 in 2027	Joint report by Promécafé and SIECA	
Output relating to Outcome 1	1.1 Economic integration has been strengthened to take advantage of the benefits of the Association Agreement between Central America and the European Union, through greater regulatory convergence, trade capacity building for private and public actors and the provision of technical assistance in trade facilitation.	Number of national workshops for the implementation of the updated version of the Central American Strategy for Trade Facilitation and Competitiveness with emphasis on Coordinated Border Management carried out	Update Document of the Central American Strategy for Trade Facilitation and Competitiveness with emphasis on Coordinated Border Management. 2022.	National training workshops (3) for the implementation of the updated version of the Central American Strategy for Trade Facilitation and Competitiveness with emphasis on Coordinated Border Management.	-Work plan by country regional work plan. -Attendance lists	
	1.2 Strengthen the deep integration process between El Salvador, Guatemala and Honduras, supporting the improvement stage between Guatemala and Honduras and also the accession of El Salvador.	Percentage increase in the consolidation of the Deep Integration Process Roadmap	Deep Integration Evaluation Report 2020-2022		-Progress report on the Deep Integration Process	
Output relating to Outcome 2	2.1 Empower the Central American private sector to contribute to policy reforms to promote better environmental, social and labour standards and in particular gender equality issues	TBD Strategies and agreements on climate mitigation, adaptation, disaster risk reduction and sustainable management of natural resources and biodiversity are more gender-				

		responsive, at local, national, regional and international level (GAP III)				
Output relating to Outcome 3	3.1 Contribute to a more secure and stable trading environment in CA for compliant deforestation free coffee produced by all coffee smallholders	<p>Number of coffee farmers (men/ women/ youth) with a unique, updated ID (with georeferenced plot)</p> <p>Number of hectares of forests not deforested as a result of action</p>	0	Target TBD at start of project	<p>Joint report by Promécafé and SIECA</p> <p>SIECA and future Regional Compliance and Data Platform.</p>	

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

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

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 60 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 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 measures¹⁶.

4.3.1 Direct Management (Grants)

Grants (component 1 and 2)

(a) Purpose of the grant

- Contribute to the implementation of the EU-CA Association Agreement, including the work of its sub-committees and Presidency Pro Tempore of the Central American Economic Integration System (SIECA)
- Strengthen SIECA in its role as a driver of economic integration
- Contribute to the Customs Union between Honduras, Guatemala and El Salvador

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to SIECA. The recourse to an award of a grant without a call for proposals for components 1 and 2 of the action is justified because SIECA falls under the exceptions provided for in Article 195(f) of the Financial Regulation. The activities of components 1 and 2 require an entity with the administrative powers to coordinate with SIECA Member States, its Pro Tempore Presidency, COMIECO, COSEFIN and the different institutions of the SICA sub-system at the highest level. The mandate attributed to SIECA by its Member States to facilitate this coordination and implement regional actions in the field of economic integration therefore justifies the direct award as it is the only body in the position to implement all the foreseen activities. As an added value, a direct grant to SIECA helps to enhance political commitment and provides a sufficient level of ownership by related national administrations and public services. The Secretariat's work is unique and specific and is carried out through extensive coordination with the different national authorities of the six Central American countries. Member States have shown commitment and appreciation of its role. SIECA also coordinates and partners with the regional private sector and other sectors of interest such as academia and civil society. SIECA ensures the correct application of the Protocol to the General Treaty on Central American Economic Integration (Guatemala Protocol) and other legal instruments of regional economic integration, as well as the execution of the decisions of the bodies of the Economic Subsystem. In addition to being the Technical Secretary of the Council of Ministers of Central American Economic Integration (COMIECO) and of the Council of Ministers of Transportation (COMITRAN).

SIECA has the exclusive role in coordinating the efforts of member countries in the areas of investment and trade facilitation. Its focus on promoting the harmonisation of trade policies and regulations contributes to reducing trade barriers between countries and fosters a more favorable environment for economic exchange. Also SIECA is internationally recognised as the benchmark for the Central American economic integration process, which

¹⁶ 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.

allows it to promote strategic alliances to carry out regional initiatives in Central America and create synergies with other international cooperation projects. Another important factor is that SIECA acts as a neutral entity and facilitator in negotiations between member countries. This helps resolve differences and reach agreements that benefit everyone, thus promoting cohesion and equitable development in the region.

The Secretariat covers part of the operating costs of the project, providing a sufficient number of qualified staff for its implementation.

It is worth noting that SIECA has satisfactory experience in managing EU grants as demonstrated in previous cooperation and the proposed actions contribute to its empowerment and sustainability.

The part of the action under the budgetary envelope reserved for grants may, partially or totally and including where an entity is designated for receiving a grant without a call for proposals, be implemented in indirect management with an entity, which will be selected by the Commission's services using the criteria defined in section 4.3.3.

4.3.2 Direct Management (Procurement)

Component 3 will be implemented by a service contract.

4.3.3 Indirect Management with an entrusted entity

A part of this action (component 4) may be implemented in indirect management with GIZ. The implementation entails coordination and management of all activities related to component 4 for a sustainable coffee value chain. GIZ has been particularly active, providing expertise and inputs during the design of the action and expressing interest in implementing and co-financing the action. They have bilateral and regional projects with strong synergies with the action and also seek to further the involvement of Central American regional institutions. GIZ has already undertaken a comprehensive mapping of all stakeholders and state of preparation to comply with the traceability requirements in all 6 Central American countries during the formulation phase of the proposed action. A fact finding mission in some countries of the region organised by the German government started in August 2023 in consideration of the pressing timing of the entry into force of the EUDR.

The envisaged entity has been selected using the following criteria:

- 1 Specific expertise and extensive experience with projects, monitoring, policy support, digitalisation and capacity development in the coffee value chain
- 2 Coherence with existing and planned cooperation programmes, and interest in co-financing.
- 3 Previous experience in Central America.
- 4 Robust operational capacity, strategic planning, monitoring and knowledge management.
- 5 Operational capacity to work in several countries.
- 6 Capacity and track record in collaborating with other EU MSAs, UN agencies, EU Delegations and LAC partner governments.

In case the envisaged entity would need to be replaced, the Commission's services may select a replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

4.4. Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances

If the implementation modalities originally foreseen under indirect management cannot be implemented due to circumstances outside of the Commission's control, the Commission reserves the possibility to consider identifying an alternative implementation modality in direct management through grant(s), and notably to entities which offer similar technical competences and/or capacities and/or experience those entities originally foreseen for indirect management.

The same applies for objectives foreseen to be implemented through direct management. If this part of the action cannot be implemented through direct management due to circumstances outside of the Commission's control, the Commission reserves the possibility to implement the relevant part of this action through indirect management with a pillar assessed entity which will need to demonstrate the same criteria.

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 subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Implementation modalities – cf. section 4.3		
Indirect management with GIZ – cf. section 4.3.3	5 000 000	500 000
Grants – total envelope under section 4.3.1	6 500 000	N.A.
Procurement – total envelope under section 4.3.2	4 000 000	N.A.
Evaluation – cf. section 5.2 Audit – cf. section 5.3	may be covered by another Decision	N.A.
Totals	15 500 000	16 000 000

4.7 Organisational Set-up and Responsibilities

Component 1 and 2:

SIECA, as leading regional institution of the sub-system of economic integration, will be in charge of the daily management of the activities. SIECA will ensure the required dialogue and coordination amongst the different stakeholders to guarantee the effective implementation of the program and follow-up of its results. In particular:

- SIECA will secure all needed institutional follow-up with each SICA Pro Tempore Presidency (PPT), especially for COMIECO and the CA Council of Finances Ministers (COSEFIN)
- SIECA will regularly engage with SICA countries and relevant services and with the private sector to coordinate the implementation of activities and foster the benefits of the action.

Ad hoc meetings, with different stakeholders' configuration will be organised as required. Considering the regional mandates, the Vice Ministers of COMIECO will act as Steering Committee of the programme. It will be in charge of monitoring the implementation of the action and provide policy guidance to ensure the accomplishment of objectives and expected results. It will meet at least once a year and receive annual reporting from SIECA and from each implementing partner. The meetings will be arranged by SIECA in coordination with the PPT. The EU will participate as observer. The CCIE will be invited to participate and other interested parts (COSEFIN, CENPROMYPE, COMMCA, etc) might be called when considered pertinent. A permanent supervision will be performed by the Regional EU Delegation in Costa Rica through regular contacts with each implementing partner. Additionally, regular coordination with DG Trade services and other EU Delegations in the region will be ensured, especially through the regional task managers existing network in charge of articulating regional and bilateral actions, and the participation of the Regional EU Delegation to the EU/CA AA Commission and Sub-Committees

and the Civil Society Forum. Before each Steering Committee, the Heads of the EU Delegations in the region will be consulted on bases of SIECA's annual report to feed the discussions with COMIECO.

Component 3 :

Activities will be implemented via a service contract to establish the private sector facility. The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partners' responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the component 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 report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

Component 4 will be implemented by GIZ via a Contribution Agreement. The project implementation team works in close collaboration with the team implementing the 5 Great Forests of Mesoamerica project in order to fully explore synergies and make best use of resources. The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partners' responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the component 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 report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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 (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

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).

Implementing partners will provide information on the proposed arrangements for the monitoring and reporting on the indicators that have been defined for the logframe matrix of the Action, including the definition of baselines and data collection. This should be envisaged in the proposals under their responsibility, indicating any implications in terms of budget or implementation, as well as in terms of division of duties with other implementing partners involved in the Action.

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 including inclusion and diversity. Indicators shall be disaggregated at least by sex.

5.2 Evaluation

Having regard to the importance of the action, a final evaluation may be carried out for this action or its components via an implementing partner.

It will be carried out for problem solving and learning purposes, in particular with respect to results related to component 4 which is a pilot and innovative action for putting the EUDR into action.

All evaluations shall assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment and disability inclusion. Expertise on human rights, disability and gender equality will be ensured in the evaluation teams.

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.

The financing of the evaluation may 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. The financing of audits and verifications may be covered by another measure constituting a Financing Decision

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, duty bearers, grant rights-holders 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 (tick one of the 4 following options);

Action level (i.e. Budget Support, blending)		
<input type="checkbox"/>	Single action	
Group of actions level (i.e. top-up cases, different phases of a single programme)		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#):
Contract level		
<input checked="" type="checkbox"/>	Single Contract 1	Direct grant “Implementing the Association Agreement to promote trade and investments”
<input checked="" type="checkbox"/>	Single Contract 2	Direct grant “Deep Integration”
<input checked="" type="checkbox"/>	Single Contract 3	Service Contract “Trade for Sustainable Development”
<input checked="" type="checkbox"/>	Single Contract 4	Contribution Agreement “Sustainable coffee value chain for all”
Group of contracts level (i.e. series of programme estimates, cases in which an Action includes for example four contracts and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other)		
<input type="checkbox"/>	Group of contracts 1	