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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX 16**

to the Commission Implementing Decision on the financing of the multiannual action plan in favour of Sub-Saharan Africa for 2024-2025

**Action Document for Farmers' Organisations for Africa (FO4A)-connecting farmers with agribusiness and Agricultural Value Chain support**

**MULTIANNUAL PLAN**

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

# 1 SYNOPSIS

## 1.0 Action Summary Table

<b>1. Title</b> <b>CRIS/OPSYS</b> <b>business reference</b> <b>Basic Act</b>	Farmers' Organisations for Africa (FO4A)-connecting farmers with agribusiness and Agricultural Value Chain support OPSYS number: ACT-62323 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	No
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Africa
<b>4. Programming document</b>	Multi-Annual Indicative Programme for Sub-Saharan Africa 2021-2027
<b>5. Link with relevant MIP(s) objectives / expected results</b>	The Action will contribute to the following priorities/objectives and expected results of the MIP:  Priority area 3: Green Transition – Sustainable agrifood systems  Specific objective 3: Support the transition towards more resilient and sustainable aquatic and agri-food systems (including for more affordable and healthier diets)  Result 3.2: Farmers' organisations (FOs) are more prominent actors in promoting the agro-ecological transition and inclusive nutrition-sensitive value-chains (e.g. Farmers to Business and Farmers to Government dialogues).  Result 3.3: More sustainable agri-food systems inclusive of food conservation, processing, distribution and agri-food markets are promoted.  Priority area 5: Sustainable Growth and Decent Jobs

	<p>Specific Objective 3: An investment climate in Sub-Saharan Africa conducive to private sector development and investments, and improved business capacities and access to finance for MSMEs.</p> <p>Result 3.1: Improved investment climate, regional market intelligence and identification of barriers to investments.</p> <p>Result 3.2: Regional support measures for MSMEs business capacities are enhanced at continental and regional level.</p> <p>Result 3.3: Improved access to sustainable finance and investment readiness at the regional/continental level.</p> <p>Result 3.4: Improved regional environmental and social standards for responsible business conduct.</p>			
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>				
<b>6. Priority Area(s), sectors</b>	<p>Priority area 3: Green Transition – Sustainable agrifood systems:</p> <ul style="list-style-type: none"> <li>- - Agriculture (311)</li> </ul> <p>Priority area 5: Sustainable Growth and Decent Jobs</p> <ul style="list-style-type: none"> <li>- Trade Policies and Regulations (331)</li> </ul>			
<b>7. Sustainable Development Goals (SDGs)</b>	<p>Main SDG (1 only): SDG2</p> <p>Other significant SDGs (up to 9) and where appropriate, targets: SDGs 1, 5, 8.</p>			
<b>8 a) DAC code(s)</b>	<p>311 - AGRICULTURE (90 %)</p> <ul style="list-style-type: none"> <li>- 31194 – Agricultural cooperatives (50%)</li> <li>- 31110 – Agricultural policy and administrative management (20%)</li> <li>- 31161 – Food crop production (20%)</li> </ul> <p>331 – TRADE POLICIES and Regulations (10%)</p>			
<b>8 b) Main Delivery Channel</b>	41000			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	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"/>
<b>11. Internal markers and Tags</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital connectivity energy transport health education and research	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Reduction of Inequalities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget lines (article, item): 14.020120: EUR 10 500 000 14.020121: EUR 10 500 000 14.020122: EUR 9 000 000 Total estimated cost for 2024: EUR 30 000 000			

	Total amount of EU budget contribution for 2024: EUR 30 000 000
<b>MANAGEMENT AND IMPLEMENTATION</b>	
<b>13. Type of financing</b>	<p><b>Indirect management</b> with the entity(ies) to be selected in accordance with the criteria set out in section 4.4.1.</p> <p><b>Other actions</b> and expenditure Service Level Agreement with JRC as set in section 4.4.3</p>

## 1.1 Summary of the Action

The Action aims to empower farmers (women and men), farmers' organisations, including women farmers' organisations, and cooperatives, as well as to promote inclusive, sustainable and climate resilient agricultural value chains. The Action will enhance linkages between farmer's organisations and cooperatives with local and international agribusinesses (traders, processing companies, food industry) and financial institutions.

Strong and consolidated farmers' organisations are key in order to develop truly inclusive and sustainable agricultural value chains in Africa. Investments are crucial to support cooperatives and agri-MSMEs, allowing to add value to local productions, a smooth sustainable agri-food transition and decent and green job creation. The Action will have two linked components:

(1) The first one will support African farmer's organisations at continental, regional, and national level. This Component will specifically support technical and economic services provided by farmer's organisations, as well as enhance contract farming between farmers' organisations and cooperatives with local agri-SMEs and multinationals.

(2) The second component will complement the ongoing EU initiatives on Key Value Chains, notably sustainable cocoa and cashew.

The Overall Objective of this Action is to promote inclusive, sustainable and climate resilient agricultural value chains through policy support, technical assistance and the empowerment of key actors linking agribusiness to African farmers, to fully increase the participation of farmers in the transformation and modernisation of the agriculture sector at the national/regional level thereby increasing their incomes and reducing poverty in African countries.

*Component 1 – Farmers' organisations for Africa: connecting farmers with agribusiness, basing on a gender and inclusive approach.*

African agriculture remains dominated by smallholder farmers working on fields of less than three hectares. In order to develop inclusive sustainable and performing agricultural value chains, local agri-SMEs and foreign multinational need to engage with small scale farmers, which poses a significant challenge due to small volume of produce, low level of associativity, and geographic dispersion, among others. In this context, farmers' organisations, cooperatives and producer groups can play a key role in aggregating and organising farmers to facilitate the linkages with agribusiness.

This Component seeks to have stronger FOs, including women's FO, and cooperatives which will support and allow to connect farmers with local agri-SMEs and foreign multinationals through contract farming (i.e. outgrower schemes) and access to finance. FOs and cooperatives can play a key role in leading climate-related activities such as agroecology, reforestation, and adaptation measures. The Action will promote climate-related activities and encourage specific support and capacity building on this topic.

The proposed component builds on lessons learnt from the implementation of the of Farmers for Africa, Caribbean, and Pacific programme (FO4ACP, 2019-2024), as well as the previous farmers' organizations (FOs) initiatives implemented over the last fifteen years.

The specific objective of this component is to connect Farmer's organisations, including women's FO, and farmer-led enterprises with agribusiness. Improved capacity of FOs to deliver technical and economic services and connect their members to markets.

Where feasible, this component will align interventions and preferably address issues raised under prioritised value chains at EU Delegation level.

*Component 2 – Sustainable Agriculture Value Chains: Cocoa & Cashew.*

Besides a transversal support to value chains through a focus on producers and farmers's organisation in component 1, component 2 will complement ongoing EU initiatives on two key Value chains for smallholders in the African Continent: Cocoa and Cashew.

In Côte d'Ivoire, there are "an estimated 1,000,000 in the global cocoa supply chain, however in 2020, according to the World Economic Forum, cocoa farmers in Cote d'Ivoire earned just \$0.78 per day – placing them well below the extreme poverty line. In 2022, the Cocoa Barometer also reported that issues such as gender inequality still remain in the sector. While it is not uncommon for women to run cocoa farms, they are often not reimbursed for their work and find difficulty in maintaining their businesses<sup>1</sup>.

On **cocoa**, the proposed Action will capitalise on Côte d'Ivoire and Ghana's initiative on the 'Living Income Differential' by promoting sustainable cocoa production that covers all three sustainable development pillars: economic, environmental and social. In this context, it will support different stakeholders to build on the consensus that is emerging between producing countries, industry representatives, cocoa smallholders and European consumers to link increases in cocoa farmers' revenues to a clear commitment to halt deforestation and eliminate child labour.

To do so, it will first enhance the dialogue between producing countries, industry representatives, cocoa smallholders and European consumers to strengthen this emerging consensus on sustainable cocoa production. The Action will support these consultations through the reinforcement of multi-stakeholder dialogue platforms at national/bilateral/regional/multilateral level and will further promote the participation of the private sector and build their capacity to contribute effectively to the discussion.

It will further support the government authorities of selected cocoa-producing countries to carry out the necessary legal/regulatory reforms needed to promote sustainable and deforestation free cocoa production. The Action will also provide technical assistance and capacity-building for the private sector to ensure that they are able to comply with the new requirements. This parallel work-stream will be fully dedicated to ensuring that sustainable production criteria are fully applied in practice and adhered to by the relevant actors.

The specific objective is thus to achieve sustainable cocoa production that provides a 'living income' for farmers (women and men), contributes to national public revenues, ends environmental degradation / deforestation and labour rights abuses, including child labour and gender inequality.

Second in revenues after Cocoa, **Cashew** value chain offers producer countries in Africa interesting possibilities for creating added value, fiscal income, revenues and employment especially for vulnerable populations.

Today, approximately 2 million smallholder farmers in Africa produce roughly 55 % (2022) of the world's raw cashew nuts (about 2.7 million tons). About 60% of the farmers are poor, in particular women farmers<sup>2</sup>, living below the poverty line in rural deprived areas and encounter periods of insecure food supply. With 31 African countries (out of a total of 54) being among the 40 most climate vulnerable countries in the world<sup>3</sup>, rural livelihoods in Africa are among the most affected by climate change, and productivity still lags behind competing countries. As processing capacities are still too weak and work productivity is too low, only a small proportion of the raw nuts are processed in the producing countries. The potential for creating employment and for generating income from the production and processing of nuts and by-products is not fully exploited. This is because the competitiveness of the cashew value chain in the producer countries is still too weak.

It is the Action objective to increase and consolidate the competitiveness of the cashew value chain and its contribution to poverty reduction in the selected African countries. The Action will advise and support small-scale producers, processors, traders, national governments and regionally relevant organisations through a multi-level approach. The Action will cooperate with public and private partners (ministries, research institutions -including those with expertise in gender, human rights and inclusivity-, producer associations -including women's producer associations-, and the private sector) in the countries.

<sup>1</sup> <https://www.borgenmagazine.com/cocoa-farmers-in-cote-divoire/>

<sup>2</sup> <https://www.fao.org/3/ca5801en/ca5801en.pdf>

<sup>3</sup> ND Global Adaptation Index GAIN - <https://gain.nd.edu/our-work/country-index/>

Ongoing policy and regulatory framework shifts heavily impacting both cocoa and cashew value chains converge on the issue of traceability. This aspect is to be specially addressed in the Action supported by outstanding European research capacities (ex. JRC)

## 1.2 Zone benefitting from the Action

The Action shall be carried out primarily in Sub-Saharan Africa.

The Action fosters regional cooperation. Due to the project's nature and the importance to ensure extended regional coverage, the eligibility of the action extends exceptionally to the following countries or territories, as their participation constitutes a substantial element to ensure the coherence and effectiveness of Union financing or to foster regional or trans-regional cooperation: Morocco, Algeria, Tunisia, Lybia, and Egypt.

# 2 RATIONALE

## 2.1 Context

Both Components are fully aligned with the New European Consensus on Development and the 2030 Agenda for Sustainable Development, with the overarching goal of eradicating poverty by promoting good governance, human and economic development and tackling universal issues such as fighting hunger and climate change adverse impacts.

*Component 1 – Farmers’ organisations for Africa: connecting farmers with agribusiness, basing on a gender and inclusive approach.*

Africa is dominated by family farming, with 33 million farms of less than 2 hectares, accounting for 80% of all farms. Family farms are the largest private sector group in national economies and contribute about 70% of the total food supply in Africa, feeding most of the urban populations. Yet, agriculture is also one of the sectors most impacted by climate change, due to unexpected shifts in agricultural seasons, leading to uncontrollable periods of droughts, dry spells and pest infestations. It is thus impossible for Africa to end hunger and reduce poverty unless it significantly and sustainably increases production and incomes on Africa’s smallholder farms.

Farmers’ Organisations (FOs) and cooperatives are key players in African rural areas. FOs and cooperatives have a dual role of to their members to support to forge better business partnerships along the agricultural value chains, and at the same time promoting the recognition of farmer’ interests and rights through policy engagement. FOs and cooperatives are instrumental in facilitating food systems transformation and addressing the multidimensional environmental, economic and social added value of farmers, for example in terms of contribution to food security and nutrition, maintenance of ecosystems and rural landscapes, preservation of biodiversity and cultural heritage and socio-economic foundation of rural communities and transition to more resilient and climate adapted food production.

FOs and cooperatives can indeed be significant economic players, providing a wide range of key economic services to their members to support profitable engagement in markets, thus contributing to sustained growth processes and tackling the challenges of reducing rural poverty.

They can play a key role in aggregating and connecting farmers with agribusiness by serving as intermediaries and facilitating mutually beneficial relationships and contractual arrangements. Some of the key roles which FOs and cooperatives can play are the following: i) increase bargaining power of the farmers, women and men, by aggregating their products, negotiating more favourable terms in contracts with agribusiness, and securing higher prices; ii) improve economies of scale by purchasing inputs, processing, and marketing their products; iii) improve market access helping farmers reach larger agribusiness, including national and international enterprises and multinationals; iv) improve the reliability of agricultural products for agribusiness by providing an aggregated, secure and traceable source of inputs; v) support the coordination of the value chain by managing logistic, ensuring timely delivery and distribution of agricultural products; vi) improve the quality, testing, grading, and packaging of the agricultural products; vii) mitigate several risks that farmers and agribusiness faces, such as price fluctuations, wheatear and climate change related risks; viii) reduce harvest and post-harvest losses.

This component is in line with the EU Green Deal, and notably with the Farm to Fork Strategy, which aims to improve agricultural rules that strengthen the position of farmers, their cooperatives and producer organisations in the food supply chain.

The component contributes to the implementation of the EU Communication on the private sector focusing on creating opportunities for local entrepreneurs through market-based approaches, and the use of grants to speed up enterprise development, and of the Communication on engagement with civil society. The component will also contribute to the implementation of the EU Gender Action Plan III 2021-2025, notably its key thematic priorities: strengthening economic and social rights and the empowerment of girls and women; advancing equal participation and leadership.

### Component 2 – Sustainable Agriculture Value Chains: Cocoa & Cashew

For cocoa, about 5 to 6 million small farmers provide over 85% of the crop. Production of sustainable cocoa significantly impacts the economies of many developing countries and provides livelihood for an estimated 40 to 50 million people globally. About 70% of the world's cocoa beans come from four West and Central African countries: Ivory Coast, Ghana, Nigeria and Cameroon. At the macroeconomic level, cocoa is a major contributor to export earnings and Gross Domestic Product in these countries. At the microeconomic level, cocoa farming is the main source of livelihoods for numerous smallholders.

The European Union is the world's largest importer of cocoa accounting for imports worth about EUR 5,806 million in 2019, or almost 60 % of world imports. West and Central African countries are major suppliers of cocoa into the EU market (1,200,000 tonnes), to which they have duty-free and quota-free access under their respective Economic Partnership Agreements (EPAs). In 2016, 81% of the cocoa consumed in the EU came from West and Central Africa. It is estimated that cocoa farmers receive on average only 5% of the final price of the product.

West and Central Africa is rapidly losing its forests. Ivory Coast is estimated to have lost more than 90% since 1950, while Ghana is thought to have lost at least 65%. Cocoa production had been identified as one of the main causes of deforestation in both countries alongside mining, selective logging and other agriculture. Ageing plantations, poor farm management and adverse impacts of climate change contribute to low yields. Cocoa producers then may rely on the clearing of additional forest land to meet the demand, causing further biodiversity loss and disturbing ecosystem stability in the long term. In contrast to Côte d'Ivoire and Ghana, deforestation in other West and Central African countries is not linked to cocoa to the same extent. Nevertheless, this may change as recent plans for the expansion of cocoa production increase the risk of encroachment and deforestation.

Child labour is another widespread problem across cocoa global value chains. In 2014, the International Labour Rights Forum estimated the number of child labourers in the cocoa sector in Côte d'Ivoire and Ghana to be somewhere between 500,000 and 1,500,000 children. Working on cocoa plantations exposes children to hazards - including dangerous tools, toxic chemicals and excessive physical strain from carrying heavy loads, extreme weather conditions, excessive long working hours, isolation - and prevents them from attending school.

The price of cocoa has a major influence on farmers' livelihoods and on public finances in West and Central Africa. Increases in farm-gate prices are a necessary step towards more sustainable cocoa production, as they allow farmers to absorb the additional costs associated with sustainable cocoa production. Price increases are not, however, a sufficient step to guarantee the transition towards sustainable production.

In June 2019, Côte d'Ivoire and Ghana announced a joint initiative to boost the sustainability of the cocoa sector by supporting farmers' revenues. The policy introduces the 'Living Income Differential', a premium of USD 400/tonne on global market prices that applies to the purchase of cocoa from these two origin countries. The purpose of the measure is to guarantee that farmers will get a 70 % share of a USD 2,600 per tonne (FOB) target price. If global prices rise above USD 2,900, proceeds from the living income differential will be placed in a stabilisation fund, ensuring that farmers can still receive the fixed percentage of the target price when international prices fall. The measure is designed to soften the impact of sudden drops in international prices, like the one that occurred in 2016-2017.

For cashew, globalisation is exposing the agricultural sector to far-reaching changes. While the demand for food continues to rise sharply, markets become more and more competitive, concentrated, and integrated. Suppliers are in global competition and forced to adjust to the demands of consumers for higher food quality and safety.

These global developments do apply to the cashew value chain: national and international investors are increasingly interested in the sector, especially in Africa. In order to protect their long- and short-term supply and

to ensure sustainability (including food safety, traceability, and health) international cashew-buying companies aim to diversify their sourcing and increasingly invest in currently low processing and production capacities as well as the interlinkages between the two stages. This is especially the case as production levels in major competing countries in Asia and South America are stagnating and/ or decreasing while, on the demand side, the EUR 1.2 to 1.5 billion global market for cashew consumption is still increasing by approximately 10% per annum, especially in Asia, Europe, and North America.

Today, approximately 2 million smallholder farmers in Africa produce roughly 56% (2017) of the world's cashews (about 2.1 million tons). In order to keep global supply and demand in balance and thus stable prices, African cashew-producing countries would need to increase their production levels by 9% to 15% annually until 2025. Processing all these volumes would allow an additional value creation of EUR 2.8 billion annually with a potential for direct employment for an extra estimated 400,000 people, most of them women, reducing the labour markets' gender gap. Due to these developments, private sector investment in cashew processing, especially in Africa, has doubled since 2006. These investments are also increasing local governments' attention.

Cashews, in Africa typically harvested during the so-called "hungry season", help these households to diversify their net income to manage phases of food insecurity. On average, farmer family income from cashew is about EUR 690 net per year, which makes about 40% to 60% of their cash income. Most of the cashew farmers are fragmented and disconnected from markets and have poor production practices, along with a lack of access to training, finance, and inputs such as improved planting materials. Governments in several African countries, have not prioritized the crop as an additional income source or profitable business venture but had formally rather planted cashew trees in order to prevent soil erosion. As a result, technical training for cashew growers in Good Agricultural Practices, harvest, and post-harvest handlings were and still are rarely integrated in the curricula of government extension services. Similarly, finance, infrastructure, and skills for research and multiplication of improved planting material as well as pest and disease control are still insufficient.

Apart from challenges in production, the processing industry in Africa is still young. Only less than 10% (about 180.000 tons) of the continent's production undergo further processing inside their country of origin. Small and medium-sized processing factories often cannot rely on long-term experiences and have to build up their business from scratch without technical assistance. They face challenges and comparative disadvantages as to processing techniques, equipment, human resource management, food safety, market information and cost structures, as well as constraints in working capital and equity. Furthermore, linkages to suppliers of quality raw nuts and to buyers of kernels are yet to be improved. As a result, value addition takes place outside the African countries and most of the regionally produced cashew nuts are processed in major competing Asian countries or South America, where economic rents are skimmed due to considerably lower processing costs per metric ton. Hence, despite all challenges, the strong growth potential and connected private sector attention continues to represent a large opportunity, not only for smallholders to develop an additional income source and improve their food security and nutrition but for national economic growth and potential for direct employment through cashew sector development, especially in the small- and medium-sized processing industry and there especially for women.

## 2.2 Problem Analysis

Short problem analysis:

*Component 1 – Farmers' organisations for Africa: connecting farmers with agribusiness, basing on a gender and inclusive approach.*

FOs and their members face many constraints limiting them from fully benefitting from profitable economic activities. These include price instability, strong competition in the market, limited access to quality inputs, lack of infrastructure, weak support services and access to technologies, unfavourable policy environment, climatic and environmental challenges. Furthermore, limited access to finance is one of the major obstacles faced by cooperatives and agri-MSMEs.

FOs and their members use different strategies to improve their productivity, market presence, capture more value added in the agricultural sector and take advantage of economies of scale. This includes the creation of cooperatives, agri-MSMEs and other forms/platforms of aggregation. FOs put in place and steer input distribution mechanisms for farmers, provide extension services in the field, run systems of collective marketing and establish quality control systems in order to open new markets to farmers' products. By grouping farmers, women and men,



FOs improve their agricultural and management capacities and link them to the agribusiness, agri-SMEs, multinationals, and financial institutions.

Nonetheless, in many cases, a gap still remains between the role FOs are expected to play, and the capacities they have. FOs often still need further support to for improving their institutional, technical, managerial capacities and their governance structures, which have prevented them from becoming strong partners of other value chains actors, notably local and international agribusinesses (traders, processing companies, food industry) and financial institutions. Helping them removing these constraints would enable FOs, cooperatives and agri-MSMEs to interact effectively with other players in the value chains, participate in market-oriented agriculture, generate employment for young rural people, and bring a lasting improvement of the livelihoods and poverty situation of many rural households in African countries. In order to so, it is essential that women, youth and persons with disabilities are represented both amongst their membership and leadership.

#### Component 2 – Sustainable Agriculture Value Chains: Cocoa & Cashew

For **cocoa**, international trading/processing companies dominate the market: according to UNCTAD, “the three biggest cocoa trading and processing companies traded roughly 50% to 60% of the world’s cocoa production in 2013”, whereas “four transnational corporations control [...] more than 60% of world cocoa grindings”. International price volatility is built into these companies’ business models.

Sellers of cocoa from producing countries, by contrast, are ‘price takers’. They have typically been unable to develop coordinated negotiating strategies, due to their vast number and the fact that they are ‘scattered’ across various geographies.

Across cocoa supply chains, farmers do not have the means to protect themselves from the vagaries of international price movements, boost their own incomes and diversify their livelihood strategies. Information about supply and demand conditions is not widely available at the farm level, preventing farmers from planning appropriately. Mechanisms to manage price risk – such as mass storage facilities, forward sales or derivatives markets (futures, options) – are beyond the reach of smallholders. Farmers are generally not covered by social security or other insurance mechanisms to protect them in case of a bad harvest or a decrease in prices. Finance for cocoa smallholders is also limited or unavailable, due to their lack of collateral and highly irregular income streams.

In the absence of such facilities, one of the only strategies available to non-certified farmers or farmers’ groups is to increase production volumes, which is often counterproductive. In the aggregate, increased production volumes can lead to oversupply and push down cocoa prices.

Farmers’ incomes are further constrained by the following factors: (i) there is no land available to expand cocoa plantations, (ii) pests and diseases are restricting yield increases, (iii) trees are ageing and in poor condition and (iv) farmers are ageing and younger workers abandoning cocoa farmers. Low farm-gate prices and disappointing yields translate into meagre farm profits which, in turn, is likely to drive some of the most harmful social and environmental impacts within cocoa global value chains. Farmers with unproductive and unprofitable farms are often tempted to expand into protected areas as a mean to boost cocoa yields at limited cost to themselves, but at considerable cost to the environment. The misuse of chemical inputs including fertilizers and pesticides also negatively impacts on the quality of water and soil health, further affecting biodiversity and the long term conditions for productivity. Similarly, farmers that are under financial pressure might value the immediate returns on child labour above the long-term benefits of education for their children. Slender farm profits also drive under-investment in practices and technologies that could render cocoa plantations more sustainable.

The ‘Living Income Differential’ aims to support farm-gate prices and farmer incomes, and thus addresses some of the economic drivers of unsustainable cocoa production that have been described above. However, higher farm-gate prices might actually incentivise overproduction and unsustainable yield-boosting strategies unless they are accompanied by policies and a legal/regulatory framework that incentivises sustainable production systems and penalises illegal deforestation and child labour.

For **cashew**, In order to benefit from the huge and growing market opportunities with a competitive processing and production of cashew nuts, the following problems need to be addressed:

- *Low competitiveness due to poor productivity and quality*: One of the major problems in the African cashew sector is a low level of productivity combined with poor quality of raw nuts.
- *Low processing capacity and competitiveness*: As indicated earlier, the processing industry in Africa is still young. As a result, most of the regionally produced cashew nuts are processed in major competing Asian or South

American countries. The low processing cost experienced by Asian processors results mainly from high efficiency of equipment and labour as well as gains from by-product processing.

- *Low knowledge on food safety and quality issues:* National quality control systems for cashew products (if existent) are not effective.

- *Absence of by-product processing:* Most of the by-products (cashew apple, shell liquid, wood) of kernel processing are currently wasted, as there exists only limited availability and knowledge about technologies for processing by-products.

- *Inadequate market intelligence and industry information:* There is absence of structured industry data gathering, analysis and dissemination. Where industry data exist, it's inconsistent and controlled by few market players which leads to intransparency and market distortion.

- *Lack of access to finance and managerial skills:* Despite the clear progress made in strengthening the financial sector in African countries through a wave of reforms and the privatisation of national financial institutions, there remain many challenges to overcome. Limited access to finance restricts the growth of private companies in the cashew sector.

- *Lack of coordinated action for sector development and insufficient supply chain linkages:* Further up the value chain, the lack of stable business relationships between producers, processors, traders and buyers leads to high transaction costs and increases the risk of doing business. It also contributes to low levels of farmer cooperation and aggregation.

- *Low in-country consumption of cashew products:* Currently, cashew products derived from the kernel as well as the cashew apple are hardly consumed in African countries even though they have high nutritious values. Fast growing international but also national demand and consumption, especially in emerging economies is a major chance for the cashew sector to further develop.

- *High Un(der)employment:* Most African countries face high rates of seasonal and structural unemployment and underemployment, especially in rural areas leading to rural-urban migration. Those most affected are women and youth.

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

*Component 1 – Farmers' organisations for Africa: connecting farmers with agribusiness, basing on a gender and inclusive approach.*

The direct beneficiary of the Component 1 are African farmer's organisations (the PanAfrican Farmer Organisation - PAFO, and the five African Regional Farmers' Organisations - RFOs), AgriCord and the network of agri-agencies, cooperatives, and agri-MSMEs. The indirect beneficiaries of the component include: (i) producers, producers' organisations and private sector operators (input suppliers, processors and traders); (ii) financial service providers, and notably microfinance institutions; and (iii) national/regional public sector organisations and departments being part of the agricultural innovation systems and supporting the agricultural sector generally or bodies dedicated to specific value chains.

The five African RFOs are the following: East African Farmers Federation (EAFF), *Plateforme Sous-régionale des Organisations Paysannes d'Afrique Centrale* (PROPAC), *Réseau des Organisations Paysannes et des Producteurs Agricoles de l'Afrique de l'Ouest* (ROPPA), Southern African Confederation of Agricultural Unions (SACAU), *Union Maghrébine et Nord-Africaine des Agriculteurs* (UMNAGRI).

The five African RFOs are membership based organizations representing and grouping together 69 national FOs in their respective regions, including women organizations, federations, commodity associations, cooperatives, unions and advocacy based organizations. The five RFOs are present in 49 countries and represent over 52 million smallholders (including farmers, fishermen, breeders, pastoralists, producers), 26 million being women. Since their creation in the 2000s, RFOs recorded substantial growth. They gained sound experience and capacities in technical and financial management and have built fruitful collaboration with development partners.

Based on the decision of the five African RFOs, PAFO was created in 2010 with the support of the "Support to Farmers Organizations in Africa Programme" (SFOAP programme, funded by the European Union) and under the sponsorship of the African Union. PAFO is Africa's first continent-wide FO. In the last years, PAFO strengthened partnership with the AU in the framework of CAADP and with other international partners including the Food and Agriculture Organisation (FAO), IFAD, the EU, etc. Today PAFO is recognized as a key player in the policy arena

and will have an important responsibility to ensure farmers' interests and aspirations continue to be reflected in Africa's development initiatives, policies and strategies.

AgriCord is a non-profit development alliance mandated by 35 professional FOs and their cooperative businesses from countries in Europe, Canada, Africa and Asia. AgriCord has official development assistance status with the OECD, and operates via its 12 member Agri-Agencies, non-governmental organizations for development cooperation specialised in FO capacity building and operational in the field. Agri-agencies provide specialised services, tools and approached developed to answer the needs of different segments of FOs. AgriCord and agri-agencies bring experience and know-how from the implementation of Farmers Fighting Poverty (FFP), operating since 2007 and supporting more than 600 FOs per year in more than 50 developing countries, FO4ACP programme, FO4Asia programma, FO4Latin America programme, and FORI programme.

Other key stakeholders are: agribusiness (traders, processing enterprises, food industry); financial institutions (including local commercial banks, savings and credit cooperatives, etc.); national/local/sectoral/women FOs; cooperatives; International Fund for Agricultural Development (IFAD); the Food and Agriculture Organisation (FAO, including the Forest and Farm Facility); World Rural Forum (WRF); La Via Campesina (LVC).

### Component 2 – Sustainable Agriculture Value Chains: Cocoa & Cashew

For **cocoa**, the Action will require the engagement of all key stakeholders along the cocoa supply chain, all of whom will benefit directly and/or indirectly from the intervention.

Governments of cocoa-producing countries: This group includes relevant ministries and the national and sub-national government agencies of Côte d'Ivoire, Ghana, Cameroon and other West and Central African countries, including those responsible for economic affairs, labour, trade, forestry, the environment, social protection, gender, child protection and education. Relevant local government structures are included. The *Conseil café cacao* (CCC) in Côte d'Ivoire and the Ghana Cocoa Board ('Cocobod') are responsible for the regulation of the cocoa sector specifically, including the establishment of minimum farm-gate prices and the administration of the Living Income Differential.

Cocoa farmers, farmers' cooperatives and rural communities: This group includes cocoa farmers themselves (women and men) and their families, as well as the broader communities located in cocoa-growing areas. Groups living in vulnerable situations, such as children, youth, persons with disabilities and migrants within these communities will require particular attention from this Action since they are more exposed to labour rights violations. The action must take into account vulnerable positions of women in the cocoa supply chain, with respect to access to resources, and how their tenuous land rights may impact their ability to be fully and equally involved.

Cocoa traders, processors and other economic actors in producing countries: In addition to farmers, there is a significant number of other actors that collect and transport raw cocoa from the farm-gate to the point of export (e.g. the port of Abidjan), while the initial stages of cocoa processing (i.e. grinding) is increasingly conducted in producing countries. These stakeholders are also concerned by increases in the farm-gate price and international sales price of cocoa, since these are the two main elements that determine their margins.

International chocolate and cocoa industry: This group includes multinational trading companies, food manufacturing and distribution companies engaged in the growing of cocoa, processing of cocoa, and/or production and sale of its derivative products. The industry is represented by the European Cocoa Association (ECA), Association of Chocolate, Biscuits and Confectionery (CAOBISCO) and the World Cocoa Foundation (WCF).

European consumers: Discussions about the 'Living Income Differential' (and other mechanisms that seek to ensure the transmission of price increases to smallholders) raise questions about the impact on consumer prices. In fact, the impact of cocoa price increases on consumer is limited to only a few cents. Misconceptions about the impact on prices could nevertheless impede progress on the transition towards more sustainable cocoa production systems. Therefore, European consumers should remain a key player, particularly as they are becoming increasingly concerned about transparency of, and respect for, sustainability standards of the products they are buying.

Social Partners and Civil Society: This non exhaustive group includes employer and worker organisations, non-governmental organisations (NGOs), in particular women's, youth and persons with disabilities' organisations, and community-based organisations in the partner countries, as well the international counterparts of these groups.

National initiatives/platforms: This includes the Belgian Partnership for sustainable Belgian chocolate (Beyond Chocolate), the Dutch Initiative on Sustainable Cocoa (DISCO), the German Initiative on Sustainable Cocoa (GISCO) as well as the Swiss Platform for Sustainable Cocoa (SWISSCO) which bring together government authorities, cocoa and chocolate industry and retailers and civil society organisations to accelerate efforts towards achieving sustainability in the cocoa sector in its three dimensions.

The International Cocoa Organisation (ICCO) – within which the European Union plays a prominent role – is the appropriate forum for negotiations between the governments of cocoa-producing countries, as well as for consultations with large consuming countries.

For **cashew**, the key stakeholders are the relevant national, state and federal ministries, regional intergovernmental institutions and/ or local government agencies responsible for sectoral planning and the creation of favourable framework conditions. Furthermore, local and international SME and other private sector actors involved in agriculture that vary among the different African countries, play a major role. This includes farmers and processors, traders, marketers, exporters as well as public and private extension services, sector authorities, producer associations, and umbrella organisations. Collaborating agencies will be selected in each country according to their expertise, commitment, and contributions.

The Action will be implemented in close collaboration with the African Cashew Alliance (ACA). ACA focuses on value-addition in the cashew value chain and provides its private sector members with Market Information, Advocacy Support, and Technical Assistance.

There will be close collaboration with major private sector initiatives: the Global Nut Initiative, International Nut Council (INC), and mainly the private Sustainable Nut Initiative (SNI). SNI is to stimulate sustainability and transparency in the cashew supply chain. SNI has developed a reference for ‘sustainability’ in the cashew sector and tools to develop this by stimulating direct market linkages and data driven improvement at farmers and processors level.

Cooperation with regional organisations, such as the Economic Community of West African States (ECOWAS), East African Community (EAC) and Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) will be fostered in order to support dialogue among African states .

CICC. the Consultative International Cashew Council is an intergovernmental platform that aims to provide a consultation framework and to create a synergy of actions between the Member States for a sustainable development of the cashew sector. This cooperation framework goes beyond Africa and opens up to all cashew-producing countries and consumers of cashew products.

Research institutions and universities will be supported for improving information exchange, and adapting improved technology solutions that in turn will sustainably enhance the economic efficiency of the small- and medium-sized processing industry or improve planting material as well as pest and disease control. Beyond the national research institutions, the action will for example closely cooperate with the regional research institutions such as the West and Central African Council for Agricultural Research and Development (CORAF / WECARD), which brings together the National Agricultural Research Systems (NARS) from 23 countries in West and Central Africa, and is one of four Sub-regional organizations of the Forum for Agricultural Research in Africa (FARA). Through its crop research program, CORAF supported a cashew research program in West Africa which fostered the creation of the network of research and development on the cashew in Africa (REDAA).

The Consultative Group of International Agricultural Research Centers (CGIAR), a worldwide partnership addressing agricultural research for development will be addressed to support some specific research areas in collaboration with the NARS, CORAF and REDAA. CGIAR contributes to global efforts in tackling poverty, hunger and major nutrition imbalances, and environmental degradation. ICRAF (International Center for Research in Agriculture and Forestry) will be a major partner for joint action in Cashew production.

Among the key development partners active in the cashew sector are donors, NGOs and implementers such as Fairmatch Support, Rongead, the Netherlands Development Cooperation (SNV), GIZ, United Nations Industrial Development Organisation (UNIDO), the Technical Belgian Cooperation (ENABEL), the dutch CBI and IDH, USAID, Technoserve and the World Bank.

The main beneficiaries from the successful conclusion of the project are private sector actors along the value chain, namely small and medium scale cashew farmers (at least 25 % being women), input suppliers and agricultural training/ service providers (e.g. nurseries, pruning and spraying services, extension services, business development

services), small- and medium-sized processors (cottage industry, satellite shelling units, and local roasting and packaging units), factory workers (at least 70 % being women), rural and urban youth, exporters of raw cashew nuts, and in country selling spots. Further beneficiaries are consumers, the latter benefitting from an increased availability of quality cashew products with high nutritious value derived both from nuts and apples.

On the key issue of traceability for both value chains, this actions intends to mobilize key research capacities at European and African Level. The Joint Research Centre (JRC) of the European Comission will be instrumental to these ends.

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The **Overall Objective** of this Action is to promote inclusive, sustainable and climate resilient agricultural value chains through policy support, technical assistance and the empowerment of key actors linking agribusiness to African farmers, to fully increase the participation of farmers in the transformation and modernisation of the agriculture sector at the national/regional level thereby increasing their incomes and reducing poverty in African countries.

##### Component 1 - Farmers' organisations for Africa: connecting farmers with agribusiness, basing on a gender and inclusive approach.

The Specific Objective 1 of this action is to connect Farmer's organisations and farmer-led enterprises with agribusiness.

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

- 1.1 contributing to Outcome 1 (or Specific Objective 1): Improved capacity of FOs, including women's FOs, to deliver technical and economic services and connect their members to markets.
- 1.2 contributing to Outcome 1 (or Specific Objective 1): Improved access of FOs, including women's FOs, to financial services.
- 1.3 contributing to Outcome 1 (or Specific Objective 1): Strengthened linkages between FOs, including women's FOs and agribusiness.
- 1.4 contributing to Outcome 1 (or Specific Objective 1): Improved business environment and cooperatives/agri-SMEs competitiveness.
- 1.5 contributing to Outcome 1 (or Specific Objective 1): Strengthened institutional capacities and professionalism of FOs, including women's FOs.
- 1.6 contributing to Outcome 1 (or Specific Objective 1): Enhanced knowledge, technical support and dissemination for implementation on and scaling-up.

##### Component 2 – Sustainable Agriculture Value Chains: Cocoa & Cashew

Building on the initiative of Côte d'Ivoire and Ghana to ensure a minimum price for cocoa on the world market and the related EU Sustainable Cocoa Initiative, as well as on the Germany supported 'Competitive Cashew', the Specific Objective 2 is:

2. Promote inclusive, sustainable and competitive cocoa and cashew value chains maximizing sustainable value for producers in African countries.

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

- 2.1 contributing to Outcome 2 (or Specific Objective 2): Policy Dialogue Support on Cocoa and Cashew Value Chains.
- 2.2. contributing to Outcome 2 (or Specific Objective 2): Capacity Building for Implementing Public Policies, , basing on a gender responsive and inclusive approach.

2.3. contributing to Outcome 2 (or Specific Objective 2): Support private sector (including but not limited to farmers, farmers' cooperatives, traders and processors) to engage in Public Policy Dialogue , basing on a gender responsive and inclusive approach.

2.4. contributing to Outcome 2 (or Specific Objective 2): Capacity Building for Private Actors (including but not limited to farmers, farmers' cooperatives, traders and processors) on inclusiveness and Sustainability issues and access to finance.

## 3.2 Indicative Activities

### Component 1 - Farmers' organisations for Africa: connecting farmers with agribusiness, basing on a gender and inclusive approach.

#### Activities relating to Output 1.1

- i) Basing on a gender responsive and inclusive approach, facilitating market access through: development of market information systems/studies/analyses; capacity building for collection sales/purchase and contracts negotiation; B2B with climate smart services including market information systems, agriculture crop insurance, early warning systems for weather and pest management, warehouse receipt systems; organization of/participation to fora/events; value chains analysis; training/advisory services; peer learning events/exchanges; linking with national programmes on climate resilience (including social safety nets) and identification of climate adaptation measures; promotion of sustainable intensification using agro-ecological practices and without land conversion; green and circular economy approaches and principles of eco-entrepreneurship
- ii) Facilitating sustainable increase of production and value addition through: facilitation of linkages with research/academia (including, for resistant varieties, agroecological pest protection techniques, ...); technical digital/on situ training and demonstrations; establishment of sustainable extension networks on agroecology, climate-smart and other sustainable techniques focusing on farmers; facilitating the adoption of/raising awareness on the use of environmentally sensitive/climate smart technology and techniques; establishment of systems to facilitate access to inputs including new varieties and seeds (e.g., drought resistant); facilitation of peer/twinning exchanges and learning; support standardization, certification and labelling of agriculture/agro-food products including for deforestation-free products; facilitation of collective purchase of inputs/services, support to improve food safety, post-harvest handling, storage and processing considering new conditions imposed by climate change.

#### Activities relating to Output 1.2:

- i) Basing on a gender responsive and inclusive approach, facilitating access to finance through: training; development of business plans; facilitation of linkages with local and international financial institutions and impact lenders (including EU agri blending initiatives); sensitization of financial institutions to improve conditions for agri-SMEs/cooperatives lending; mobilisation of expertise; de-risking; value chains based financing; de-risking cooperatives and agri-MSMEs through technical assistance.

#### Activities relating to Output 1.3:

- i) Facilitating linkages with local and international agribusinesses (traders, processing companies, food industry) through: facilitate the implementation of contractual arrangements (including outgrower schemes); training (best agricultural practices, with a focus on climate smart agriculture and agroecology, standards and certifications process, management skills, etc.); increase value addition; strengthening information-exchange mechanisms that improve transparency among value chain actors (facilitate business meetings to identify bottlenecks, etc.).

#### Activities relating to Output 1.4:

- i) Basing on a gender responsive and inclusive approach, improving business environment through: conducting of studies and analysis; development of policy positions; policy consultations among FOs.
- ii) Improving representation of the FOs, including women FOs, at local, regional and international level through: participation in value chains governance mechanisms; participation to policy consultations/fora/events; advocacy and lobbying including the production of lobbying and advocacy products/supports.

#### Activities relating to Output 1.5:

i) Strengthened institutional capacities and professionalism of FOs, including women FOs, through: development of FOs organizational, strategic and financial tools/plans; improving and strengthening FOs governance; support farmers leadership, with a special focus on women; contributions to FOs equipment and staffing costs; organisation of statutory meetings; training for staff and leaders; organization of exchange meetings, backstopping missions, peer to peer support and consultations among FOs; development of communication strategies, tools and products; M&E and KM related activities; project coordination and management; organisation of annual audits.

Activities relating to Output 1.6:

- i) Developing specific knowledge products to support the implementation of this initiative through: elaboration of papers, technical documents, tools and guidelines, basing on a gender responsive and inclusive approach.
- ii) Developing specific knowledge products and events to capitalise and take stock of the main lessons learnt of this initiative through: coordination and organisation of KM activities; development of communication and KM products; elaboration of papers, technical documents, and organisation of events.

### Component 2 – Sustainable Agriculture Value Chains: Cocoa & Cashew

Building on the success of the ongoing EU-led Sustainable Cocoa Initiative (launched in 2020) and the German-led “Competitive Cashew” programme (launched in 2009):

Activities relating to Output 2.1. Policy Dialogue Support on Cocoa and Cashew Value Chains:

For cocoa, at each level of the multi-stakeholder dialogue process (national/regional/bilateral/multilateral) and basing on a gender responsive and inclusive approach, *indicative activities* may include: (i) identify relevant stakeholders and support a formal framework for meetings, by establishing a secretariat, setting the goals of the dialogue process, establishing a monitoring and evaluation framework to track progress towards the goals, fixing a schedule of meetings and developing supporting material (e.g. discussion points, presentations) to structure the meetings; and (ii) establish formal links and communication channels between the different multi-stakeholder dialogue platforms - at national, regional and multilateral level (ICCO) to explore means of promoting sustainable cocoa production worldwide, addressing deforestation and labour rights violations, in particular child labour, through better regulation and price increases that are passed on to farmers and farmers’ cooperatives and improving gender equality in the cocoa sector.

The EU has recently adopted a deforestation-free regulations, that will seek to ensure that commodities and products sold in the EU do not contribute to deforestation. Discussions are also ongoing at the EU level on potential due diligence and corporate governance legislation to address human rights, gender, inclusive, environmental and social issues (such as child labour) in corporate supply chains, in accordance with international sustainability standards.

Côte d’Ivoire, Ghana, Cameroon and possibly other West and Central African countries have developed a joint plan, to be presented at the ICCO, to perpetuate the ‘Living Income Differential’ and increase the disposable incomes of farmers. The plan is WTO compliant, resilient to future market developments and financially sustainable over the long-term. *Indicative activities* may include: (i) conduct an extensive review of the ‘Living Income Differential’ and its implementation modalities (ii) assess the compliance of the LID initiative with limits on Amber Box trade distorting support set out in the WTO Agreement on Agriculture and explore ways of ‘de-coupling’ support so that they can classify under the category of non-trade distorting Green Box measures (listed in Annex 2 of the Agreement of Agriculture) (iii) develop a plan to ensure the plan’s resilience to future market development / financially sustainability (iv) secure buy-in from partner and other producing and consuming countries (including producing and consuming countries) within the framework for multilateral discussions at the International Cocoa Organisation.

Côte d’Ivoire, Ghana, Cameroon and other West and Central African countries have received support towards the development of a common approach towards ‘sustainable cocoa’ agreed upon through inclusive, multi-stakeholder dialogue process, building on the standards and tools developed by private standard-setting bodies and others. EU support will seek to ensure that this approach is compliant with existing and incoming EU legislation on the matter. *Indicative activities* may include: (i) raise awareness on existing sustainability approaches, standards and the differences between them, (ii) discuss potential definitions of ‘sustainable cocoa’, building upon existing standards developed by the African Organisation for Standardisation, the International Standards Organisation and other

public and private standard-setting bodies, which complement international conventions on labour rights; and (iii) foster dialogue between national stakeholders and standard-setting bodies, international organisations or non-governmental organisations on the issue of coherence of standards. (iv) specific studies in sustainable Agriculture related to the cocoa value chain including technical support in the use of Earth Observation and development of related methodology and tools development for monitoring expansion of existing cocoa plantations and related forestation degradation and biodiversity loss, in particular within protected areas.

For cashew, basing on a gender responsive and inclusive approach, *Indicative activities on policy dialogue may include*: (i) encourage public-private dialogue and sector advocacy as a basis for regional and south-south cooperation; (ii) support the establishment of national cashew platforms, (iii) provide sound policy information for governments and regional economic communities as basis for discussion and decision making, (iv) strengthen regional and South-South Cooperation and trade, (v) strengthen the capacity and support actors to establish national committees including all actors (associations, inter-professionals, governmental/ private), institutional support, (vi) support the development of national Cashew Master Plans, (vii) support to national and supra-national organisations and conferences platforms.

#### Activities relating to Output 2.2

For cocoa, regulatory capacities of national governments and regional bodies have been strengthened to improve gender equality, combat deforestation and child labour in cocoa supply chains in areas prioritised by the multi-stakeholder dialogue platforms. Depending on the outcome of multi-stakeholder dialogue process under Output 2.1, technical assistance will be provided to support improvements in the policy framework. *Indicative activities may include*: (i) encourage enforcement of an African Regional Standard for Sustainable cocoa (ARSS), in line with relevant existing and upcoming EU legislation and with international conventions, and encourage compliance with the same; (ii) introduce or improve a national traceability system for cocoa beans from all origins; (iii) introduce monitoring systems to track the impacts of cocoa production on deforestation, gender equality and working conditions for groups living in vulnerable situations (migrants, women farmers) as well as living conditions for farmers' communities, indigenous people and minorities; (iv) develop and/or implement national land-use planning systems and improve forest governance mechanisms through transparent and participatory decision-making processes; (v) empower farmers and farmers' cooperatives to assume more responsibility over landscapes and to design/implement landscape management plans; (vi) define and clarify the land and tree tenure rights of cocoa farmers, including women farmers, and conduct awareness campaigns on equality between men and women regarding access to land and tree tenure rights; (vii) ensure legal protection for trees and forests outside protected areas; (viii) develop mechanisms to reward reforestation and conservation activities and promote economic diversification and women's economic empowerment in rural communities; (ix) strengthen the ability of central and local government to protect children and improve their access to good-quality education, health care, clean water and better nutrition through participatory plans developed in conjunction with local communities; (x) strengthen the capacity of central and local government to enforce child labour legislation and support their implementation, remediation mechanisms for child labour victims and reintegration into education and training systems; (xi) set up remediation mechanisms allowing the victims of human rights violations, in particular the worst forms of child labour, to seek redress through a variety of non-judicial and judicial mechanisms; (xii) develop a national definition of agroforestry and design incentive systems to encourage the uptake of agroforestry techniques; (xiii) support cocoa farmers to improve productivity on existing farmland and diversify their farms, offering farmers opportunities other than cocoa production.

#### Activities relating to Output 2.3:

The private sector – including but not limited to farmers, farmers' cooperatives, traders and processors – is better organised and empowered into representative bodies that can develop policy positions and engage in public-private dialogue. The Private sector representative bodies in cocoa-producing countries have opportunities to participate in multi-stakeholder dialogue platforms. In order to ensure effective private sector participation in the multi-stakeholder dialogue platforms that will be organised under Output 2.1., there is a need to increase the capacity of private sector representative bodies (e.g. sectoral associations, cooperatives) to consult their members on policy developments and build consensus within the industry. *Indicative activities may include*: (i) reinforce private sector representative bodies, through targeted activities to increase their membership base, effectively set and collect membership fees, and provide value-added services to members; (ii) raise private sector awareness on the multi-stakeholder dialogue process using outreach mechanisms, including awareness on deforestation and child labour (e.g. radio, social media); (iii) build the capacity of private sector representative bodies to consult their members



through the design of survey tools, the collection of data, and the organisation of consultation meetings; (iv) deliver training on advocacy, including the elaboration and publication of position papers on cocoa sector reform.

#### Activities relating to Output 2.4

For cocoa, farmers need technical assistance to maintain reasonable yields and to add value to the cocoa that they produced. Technical assistance can be delivered directly to farmers or through extension services provided by cooperatives or the government. *Indicative activities* could include: (i) provide advisory services to farmers and farmers' cooperatives on how to optimise input use, assess investment options, switch from 'full sun' monocropping to agroforestry or organic production methods, as well as diversify their risks and their income streams and reduce their vulnerability to cocoa price fluctuations; and (ii) support to raise awareness and build the capacity to comply with child labour regulations and put in place compliance mechanisms to monitor the use of child-labour.

Farmers and farmers' cooperatives have received support and are aware of criteria for compliance with regional and international sustainability standards. One way for farmers and farmers' cooperatives to add value to the cocoa that is produced on their farms is to comply with voluntary standards (sometimes imposed as a buying condition by large buyers) and obtain the corresponding third-party certification. This Action furthermore foresees that new national/regional/international standard (e.g. the African Regional Standard for Sustainable cocoa or ISO 34101) will be introduced in the near future, in an effort to harmonize the existing patchwork of voluntary standards. To prepare for these developments, farmers and farmers' cooperatives need to be trained on how to comply with sustainability standards. *Indicative activities* could include: (i) awareness-raising on standards; (ii) training on the technical criteria for compliance with the aforementioned standards; (iii) support to assess the costs and benefits associated with each of the different standards/certifications; (iv) awareness-raising on how future requirements for sustainable cocoa production (to be developed with the support of this Action) could build on existing standards and how farmers/farmers' cooperatives can prepare for the implementation of these requirements.

Côte d'Ivoire, Ghana, Cameroon or other West and Central African countries have received support to attract investment in the public goods that reinforce sustainable cocoa production systems. *Indicative activities* may include: (i) identify priority areas for public investment that will contribute to more sustainable cocoa production, greater value addition and economic diversification in Côte d'Ivoire, Ghana, Cameroon and other Western and Central African countries.

The private sector in cocoa-producing countries has received support to attract investment in sustainable cocoa production systems, such as tree replacement and rehabilitation, reforestation, green technologies (renewable energy, energy efficiency) and price risk management products/services (storage facilities, crop insurance). *Indicative activities* may include: (i) identify priority areas for private sector investment that will contribute to more sustainable cocoa production, greater value addition and economic diversification in Côte d'Ivoire, Ghana, Cameroon and other Western and Central African countries.

For the cashew, basing on a gender responsive and inclusive approach, *Indicative activities on capacity building and technical assistance may include*: (i) concept and application of capacity development: training of trainers programme, adjustment of training material (Master Training Program and other specialised professional trainings, e.g. mechanics, food safety), (ii) develop and strengthen technical and organisational capacities of research institutions and agricultural development organisations, universities, farmers organisations, extension agencies, local decision makers, processing companies, NGOs and CSOs for implementing relevant project activities especially through selecting, training and coaching core staff and resource persons for the master training programmes, (iii) technical assistance/coaching to private companies and NGOs implementing PPP projects (technical issues, management, monitoring and evaluation), (iv) strengthen the capacities and exchange of all actors in the sector across the value chain (e.g. capacity development measures, such as Master Training Programme, including a gender and inclusive dimension), (v) cooperation with universities and research institutes to address the existing research and knowledge gaps, basing on a gender and inclusive perspective. (vi) develop curricula and training elements for different types of training institutions (e.g. technical trainings institutes, universities), (vii) support actors to curricula development and link to regional expertise, including gender expertise, and actors, (viii) coach training institutes in the roll out of cashew specific trainings.

Basing on a gender responsive and inclusive approach, *Indicative activities on access to finance may include*: (i) develop appropriate business and finance models for cashew nut, apple and shell processing and utilization; (ii) PPP projects implemented by processors or traders, in partnership with buyers, and international/ national NGOs

(through Blending facility / Matching Fund; priority shall be given to women entrepreneurs), (iii) training and coaching of Business Development service providers – agriculture, organisation, monitoring, finance, (iv) advising private and public partners in the introduction of market information systems as well as information and communication technologies, (v) technical assistance for medium and small-scale processors (factories, cottage industry, satellite shelling units, and local roasting and packaging units) for kick-off or expansion of business, (vi) increased in country processing of raw cashew nuts in small to medium scale processing companies plus decentralized satellite shelling unit and through other viable processing models, (vii) Increase availability of sound technical information and advice for business entities and entrepreneurs interested in establishing processing units/factories (Introduce ecologically sustainable processing of cashew shell into cashew nutshell liquid, charcoal/briquettes and other), (viii) cashew apple processing in specialized private SMEs, (ix) local roasting and packaging in SMEs for in-country marketing and export, (x) research, innovation and training in utilization of processing equipment, (xi) finance models, business development support and linkages of processing companies to financial institutions, capacity development for business advisory services, (xii) Strengthen the capacity of ACA to introduce ACA Seal (including climate smart processing) in all assisted processing factories, (xiii) support to microfinance initiatives in agriculture for cashew plus food crop farming.

### 3.3 Mainstreaming

#### **Environmental Protection & Climate Change**

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

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required. The Action is focused on a sector of cooperation considered as ‘environmentally sensitive’: Agriculture, rural development and food and nutrition security will contribute to implement parts of regional or sub-regional strategies. The Action could be affected by the state of the environment, as this could have ‘a significant adverse influence on the performance of the sector’. The Action shall ensure its supported activities will not lead to significant land-use changes, will not operate in environmentally sensitive locations, will not promote the use of environmentally sensitive substances and doesn’t include projects with negative cumulative impacts on the environment.

The Action is actually designed to ensure a better integration of climate and environmental issues in the agri-food sector. The combat of deforestation in the case of the cocoa sector is an essential part of this Action. Environmental issues and climate change are at the core of the design of the Action, as it focusses on supporting the transition towards sustainable food systems, based on sustainable agricultural approaches/practices and responsible production principles all along the entire value-chain. The understanding of sustainability for food systems includes their capacity to adapt, and to be more resilient to climate change, to contribute to mitigation objectives through direct reduction of emissions and increased storage of carbon in soils and vegetation cover. It also includes the environmental aspects of food systems, such the sustainable management and use of water and land resources, the preservation of biodiversity, including agrobiodiversity, and ecosystem services, the reduction of pollution through a reduced use of chemical inputs. The support to sustainable agricultural approaches will help deliver substantial contributions to climate and environmental objectives.

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

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment). The majority of actions foreseen fall under category C, such as Institutional support; Training and capacity development; Awareness raising activities; Development of services; Access to finance; Access to market; etc. However, supporting value-chains with a commercial approach, even if in a sustainable way, might have environmental impact or impact on natural resources and biodiversity that will be assessed at design and implementation phases. This Action aims at improving sustainability of the agricultural sector and targeted value chains, addressing the climate and environment dimension in the agri-food sector. It will be the responsibility of the implementing organisations to proceed with appropriate environmental impact assessments consistent with their own obligations or practices.

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

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment). The Climate Risk Assessment (CRA) screening shows that the proposed activities are related to the agri-food sector and focus on the transformation towards sustainable food systems. They may be affected by drought, floods, heatwaves and/or shifts in the main climatic patterns. The Action foresees specific measures to strengthen resilience and reduce vulnerability including by adopting sustainable agricultural approaches/practices, improving knowledge related to climate risks (e.g. capacity building/training/awareness raising, stakeholder engagement, policy dialogue), and notably targeting vulnerable groups. Nevertheless, the potential climate risks and their impact on the ability of the Action to achieve its results call for careful assessment of such risks, and design of appropriate risk mitigation measures, when further designing the activities.

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### **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 Women producers and their membership of women-only or mixed organizations account for a significant proportion of FOs' and cooperatives membership. Women farmers are also central to the sustainability of the cocoa supply chain and cocoa-growing communities. Across cash crops, buyers have found that women often produce higher quality products than men when given the right support. When women have control over their own income or family earnings, they reinvest in their families, children and communities, increasing the wellbeing and the sustainability of cocoa-growing communities. In Côte d'Ivoire and in Ghana, women own respectively around 25% and 18 % of the cocoa plantations according to the African Development Bank. In Côte d'Ivoire, 68 % of the labour force is made up of women, but they only earn 21 % of the income generated.

Participation of women in the activities planned for the implementation of this Action will be prioritised. Women-led initiatives will be supported as well as activities that target or benefit women. Gender disaggregated data will be collected. Gender considerations will be mainstreamed into activities to ensure that FOs and cooperatives promote gender equality and the economic empowerment of women in: (i) the selection of key value chains and provision of services that address the different needs and opportunities of their female and male members to increase competitiveness, value addition and market engagement; (ii) influencing policies and business environments for transforming food systems and developing farmer-led enterprises which are gender-inclusive; and (iii) women's representation in FOs membership, and cooperatives (including local cocoa associations) and leadership to better represent and serve their members; (iv) encouraging women and girls' access to quality education and training, including entrepreneurship training, and facilitating access to financial services; (v) providing specific and actionable solutions to the constraints that prevent women from becoming direct cocoa suppliers in their supply chain and will address the issue of unpaid work; (vi) addressing difficulties women face to obtain production inputs, land tenure access, as well as discriminatory employment practices.

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### **Human Rights**

Both Components of the action will integrate good governance, rights-based approach, and working principles (participation, non-discrimination, respect to all rights, transparency and accountability) by supporting regulatory and policy issues and by promoting activities tailored to the different needs of women, youth, and migrants as regards to their rights and access to economic opportunities (right to decent conditions of work, right to decent living conditions, right of the child and right to equality between men and women).

The objectives of decent work - defined as employment that is secure, pays a fair wage, ensures safe working conditions, incorporates social protection, provides for social dialogue and respects rights at work, while safeguarding gender equality - will be pursued in the implementation of the action by abiding by and by promoting decent work standards. Particular attention will be paid to addressing child labour in agriculture value chains, as well as achieving a decent living income for farmers. In this context, cooperatives and FOs may play a key role.

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### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. Nevertheless, the action will try as much as possible to be of relevance for the inclusion of persons with disabilities as organisations specifically representing, and/or as part of their mandate targeting, the rights of people with disabilities. Accessibility to events, workshops and information of persons with disabilities will be promoted throughout the activities of the programme. In particular, their active participation in consultation processes with local

communities and minorities will be promoted. Where possible, access to employment for persons with disabilities and support organisations led by persons with disabilities will also be supported.

Finally, where possible, indicators will be disaggregated by disability.

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### **Reduction of inequalities**

Sub-Saharan Africa is marked by a high level of inequality, as evidenced by the UN Human Development reports. The last report (2021-2022) highlights the fact that COVID19 and the War of aggression in Ukraine have increased these inequalities.

The food system and agriculture sector are marked by inequalities at the level on income and livelihoods, at the level of land tenure and access to productive resources in general as well as the level of access to relevant information to take informed decisions, among others. The environmental degradation and climate change are also affecting disproportionately the most vulnerable groups, in particular smallholder farmers, women and indigenous populations.

The proposed Action, by focussing on the support of farmers' organisations and farmers' groups, and promotion of sustainable agricultural approaches/practices through different entry points and levels, will contribute to reduce these inequalities, and to empower the most vulnerable groups to develop meaningful strategies and action to strengthen their capacities and resilience.

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### **Democracy**

By working with established regional and subregional organisations (Regional Farmers Organisations and PAFO) representing their members which are National Farmers Organisations, as well as with national governments, and by ensuring that vulnerable groups and populations are part of the design, implementation and evaluation of the proposed strategies and activities, the Action will contribute to strengthening democratic principles in the region. Again, applying the sustainable agricultural approaches/practices, with their strong social component, will also bring a meaningful contribution to transforming current food systems and agriculture in the region into more inclusive and equitable forms.

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### **Conflict sensitivity, peace and resilience**

Inequitable repartition of resources, in particular land and productive means, are sometimes central reasons leading to conflict in the region. Increased inequalities after the Covid19 crisis and the impacts of the war of aggression in Ukraine on food and inputs prices have also worsened the situation in several African countries. The proposed action will therefore pay particular attention to designing and implementing its strategies and activities bearing in mind this situation and incorporating the latest data available, as well as the appropriate methodologies where needed so as to reduce the conflict sensitivity in the region of intervention and contribute to build and enhance resilience.

The Action will benefit from the regional, national and local network of Farmers's organisations and farmers' groups, which play an important role in policy dialogue and social cohesion.

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### **Disaster Risk Reduction**

The Action will contribute indirectly to disaster risk reduction, notably through its support to more resilient agroecosystems and value chains. Through sustainable agricultural approaches/practices, communities and their agroecosystems increase their resilience to shocks and stresses, including disasters through a better management of biodiversity at plot, farm and landscape level, including better soil health. Participatory approaches aiming at strengthening innovation capacities of local actors will help them to adapt to shocks and to manage risks.

### 3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
<i>Component 1 - Farmers' organisations for Africa: connecting farmers with agribusiness, basing on a gender and inclusive approach.</i>				
Planning, processes and systems	Risk 1: Unwillingness of other value chains stakeholders to develop their business through partnership with FOs.	Medium	High	The support of the programme in terms of institutional development and capacity building will enable FOs to generate mutual trust and become effective and reliable partners for value chains stakeholders.
Planning, processes and systems	Risk 2: Unwillingness of national governments to establish a constructive dialogue with FOs / Not conducive policy environments for supporting FOs.	Medium	High	Supporting the FOs institutional development will improve their credibility and capacity to advocate for the needs of their members.
People and the organisation	Risk 3: Internal governance issues / cases of corruption within FOs.	Medium	Medium	Good governance is an integral part of the programme. Institutional development is expected to generate increased FOs' accountability to members and ability to transparently implement their mandates. Mechanisms to guarantee organizations are well-governed and accountable in managing financing are also in place.
External environment	Risk 4: Socio-political conflicts in some countries and food and health crises affecting the smooth running of the programme.	Medium	Medium	The monitoring and evaluation process and the phased planning approach that will be implemented will allow for regular adjustments to activities and areas of intervention.
<i>Component 2 – Sustainable Agriculture Value Chains: Cocoa &amp; Cashew</i>				
For cocoa				

Planning, processes and systems	Risk 5: ‘Living Income Differential’ causes international buyers to switch to other origins (i.e. ‘leakage’ of negative environmental and social impacts).	Low	Medium	Strive to maintain the consensus on higher prices within the cocoa industry and secure buy-in from other cocoa-producing countries.
Planning, processes and systems	Risk 6: Consensus is not reached on cocoa sustainability standards and legal/regulatory frameworks for sustainable cocoa production.	Medium	Medium	Adopt a gradual approach to increased sustainability of cocoa production systems and minimise the costs associated with the transition. Propose ‘win-win’ solutions wherever possible.
External environment	Risk 7: Lack of private sector input due to commercial pressures and time constraints.	Low	Medium	Limit demands on time of private sector representatives by keeping meetings short and using information technology to avoid unnecessary travel.
People and the organisation	Risk 8: Insufficient capacity of local institutions to implement proposed activities and strengthen the legal and regulatory framework.	High	High	Introduce strong capacity-building elements into the Action and provide technical assistance where necessary as well as maintain high-level and regular political dialogue.
Planning, processes and systems	Risk 9: Lack of coordination among donors, stakeholders, implementing partners, central and local government.	Medium	Low	Develop partnerships with other existing actors that are compatible with and complement the Action. A proper governance structure can be set up to facilitate coordination among partners, anchored in existing government structures.
For cashew				
Planning, processes and systems	Risk 10: Lack of transparency: This is reflected in factors such as lack of market intelligence systems, poor crop reporting, a lack of information on the more and more important aspect of processing technology, poor understanding of markets, market risk, pricing, buyers’	High	High	<p>Boosting Transparency of the sector will be one of the focus of the programme: this will be done through dissemination of information, building of linkage programs and provision of market information systems. The main channels for this will be the African Cashew Alliance (ACA) and the Consultative International Cashew Council (CICC).</p> <p>Additionally, technical training of all actors linked to the market is envisaged to increase the knowledge base and hence increase transparency in the sector</p>

	requirements and quality.			The participation of the public and private sector in the project's board meeting would offer opportunity for mutual learning.
Planning, processes and systems	Risk 11: Lack of knowledge and understanding of the sector and how it works as a market.	High	High	The Action will build the competitiveness of the sector through education, training, awareness development, linkage building and coaching to construct a sector in which buyers, processors and producers better understand each other's risks and needs as well as the factors necessary to sustain the sector through what is forecast to be a period of growth but quite possibly a period of volatility too.
Planning, processes and systems	Risk 12: Lack of management skills in the sector. This is particularly relevant in the processing sector where the demands for these skills have risen with the development of more sophisticated technology for processing	Moderate	Moderate	<p>The capacities of the actors will be built through provision of technical assistance, business development services and coaching.</p> <p>Technical training of processors shall assist in reducing risks for buyers, processors and farmers by linking the supply chain. Therefore supply chain linkage of actors through the use of blending facilities will be promoted by the action.</p>

#### **Lessons Learnt:**

##### *Component 1 - Farmers' organisations for Africa: connecting farmers with agribusiness, , basing on a gender and inclusive approach.*

This Action will build on the experience of previous EU programmes related to FOs. Some key lessons learnt provided by main stakeholders are:

- Investing in FOs institutional strengthening and professionalization (leadership, transparency, and accountability) is the foundation for any successful and sustainable FO' activities, including economic activities. The support to the good governance of FOs remains key to set foundations for economic activities. Attention will be paid to the inclusion of women's FOs.
- Promoting a business and market-driven management through well-developed and implemented business plans is key for the development of profitable of FOs, cooperatives, and agri-MSMEs.
- Traditional economic services delivered by FOs and cooperatives such as collective purchasing of inputs and selling of produce, as well as support in contractual relationship with other value chain actors remain key pillars of the economic activities.
- Stand-alone activities will not result in a significant impact: local economic activities need to be implemented in a broader framework where national FOs can ensure policy influence, support along the value chain, market access and involvement in multi-stakeholder platform. The Business to Business (B2B) meetings and platforms at the national and regional level contribute significantly to the growth of the FOs, cooperatives and agri-MSMEs.
- FOs have significantly improved their competitiveness as economic actors showing increased interest in certification of seeds, product quality, and improved marketing techniques.
- FOs are key in helping their members in the agro-ecological transition towards more resilient production practices.
- When access to finance remains challenging, FOs can come up with innovative solution to support their members and linking them with financial institutions. Particular attention will be paid to women's FOs.

- A systematic inclusion of women and youth and their active role in decision making organs strengthen the FOs and contributes to long-term sustainability but more work is needed in this area.

The mid-term review of the FO4ACP programme, carried out in 2022, has also provided key lessons learned, in particular:

- The programme is a vehicle to increase FOs maturity but continuous support to strengthen their institutional capacities is required to greatly improve the prospects of sustainability.
- Governing bodies of FOs need to be regularly gathered to improve FOs accountability, governance and membership.
- The decentralised approach to activity planning and implementation, and the deployment of the bulk of resources at national FO level is highly appropriate.
- Innovation in economic activities such as efficient equipment, norms, and quality standards for new quality products, and online marketing are attractive to youth.
- There is a need to build capacities to undertake policy analysis and prepare policy briefs on the type to fully engage to higher-level policy processes.
- The sustainability of the FOs is to be understood by the capacity of the FOs to influence and mobilise external and internal funding.
- FOs internal funding can be generated by providing services to their members, from trading activities or income-generating activities.
- No deliberate effort to measure the uptake of learning and its impact on improving institutional capacities has been made.
- Mutualisation of practises, capitalisation of experiences between FOs within their networks and with agri-agencies is critical to ensure programme coordination and scaling up of success stories.
- Enhancing collective learning and mutual expertise is critical to improve FOs capacities in the delivery of economic services and policy dialogue.

### Component 2 – Sustainable Agriculture Value Chains: Cocoa & Cashew

The Action is conceived as a follow-up to the Sustainable Cocoa Initiative launched in 2020 it is therefore built on its lessons learnt and remarkable successes.

There have been a multitude of initiatives over past decades seeking to improve the sustainability of cocoa supply chains, including certification schemes and voluntary corporate sourcing initiatives. In general, these initiatives have failed to adequately involve all actors in the supply chain, including producer and consumer-country governments, or the full array of companies in consumer countries, many of which are SMEs. Private standards are also failing to generate the desired impact. This Action will seek to address these issues by promoting dialogue for sustainable cocoa production with a view to improving coherence between standards and certification systems, simplifying the administrative burden for farmers, farmers' cooperatives and companies in cocoa-producing companies and creating the desired 'level playing field' for the industry.

The Action will also build on lessons learnt from past initiatives. For example:

- The Cocoa Barometer highlights that farmers fail to attend trainings and do not undergo the transition to more sustainable production systems because they do not have the investment capital required to complete the transition: This Action will address this gap by attracting private investment into sustainable production systems.
- Experience presented by UTZ/Rainforest Alliance offers lessons on how to protect farmers from market developments such as the 2016-2017 price crash, suggesting that pricing mechanisms should be modelled on the fixed premiums and minimum prices adopted by Fair Trade. The intervention will take this recommendation into account when supporting the design/revision of regulations and policies.
- International Labour Organization-International Programme on the Elimination of Child Labour (ILO-IPEC) experience to combat child labour in Africa further emphasises the importance of "strengthening partnerships between NGOs with different expertise, trade unions and government as well as contributing to policy



dialogue and legislation on children's rights". This Action will work in close partnership with NGO networks on the ground and seek to involve all stakeholders within the framework of multi-stakeholder dialogue platforms.

For Cashew: Most lessons learnt derive from the GIZ-led *Competitive Cashew initiative (ComCashew)* which is running since 2009 and mostly financed by EU since 2022

Drawing on decades of experience, lessons in Production, Processing, Supply Chains linkages and sector organisation are gathered in order to organise and build a sustainable African cashew sector focused on poverty reduction.

Traceability is the key entry point for addressing the upcoming sustainability requirements in both value chains (Cocoa and Cashew).

### 3.5 The Intervention Logic

#### Component 1 - Farmers' organisations for Africa: connecting farmers with agribusiness, s basing on a gender and inclusive approach.

The underlying intervention logic for this Action is that African agriculture remains dominated by smallholder farmers working on fields of less than three hectares. In order to develop inclusive sustainable and performing agricultural value chains, local agri-SMEs and foreign multinational need to engage with small scale farmers, which poses a significant challenge. In this context, farmers' organisations, cooperatives and producer groups can play a key role in aggregating and organizing-farmers to facilitate the linkages with agribusiness.

This Component seeks to have stronger FOs, including women FOs, and cooperatives which will support and allow to connect farmers with local agri-SMEs and foreign multinationals through contract farming (i.e. outgrower schemes). Contract farming is based in coordinated commercial relations between farmers, processors and traders leading to a vertical integration of the agricultural value chains. Stronger and organised FOs and cooperatives can also facilitate the access to finance needed by farmers connecting them with local and international financial institutions and impact investors.

Finally, FOs and cooperatives can play a key role in leading climate-related activities such as agroecology, reforestation, and adaptation measures. The Action will promote climate-related activities and encourage specific support and capacity building on this topic.

#### Component 2 – Sustainable Agriculture Value Chains: Cocoa & Cashew

This component is built around a series of assumptions and founding factors making Cocoa and Cashew value chains key for EU support attaining the overall objective

**For Cocoa:** this Action seeks to build on the joint initiative of Côte d'Ivoire and Ghana introducing the "Living Income Differential" by linking price increases to a clear commitment to halt deforestation and eliminate child labour in cocoa supply chains. It will support the efforts of the producer countries to increase world prices, on condition that this increase in prices also entails a clear commitment to stop the process of deforestation, for example by developing significant production based on agroforestry systems.

The particularities of the cocoa market suggest there are good prospects of linking an increase in cocoa prices to improved protection of the rainforest and enhanced fight against child labour,: production is located only in developing countries and carried out by millions of small producers; a small number of traders dominate trade; a small number of buyers dominate the final market; there are no obvious substitutes in the developed world; it is non-competitive with products from developed countries; consumption is almost exclusively in developed countries. The action of the EU, the world's largest consumer of chocolate and global leader in the fight against global warming and child labour, can therefore be a real "game changer".

Internationally, there is also a growing consensus among the different actors that action is needed. The European Parliament and NGOs are demanding enhanced traceability of cocoa products and more responsible business conduct from companies supplying the European market with cocoa. Large international food companies have signalled that a better policy and regulatory environment in both producing and consuming countries could facilitate the transition towards more sustainable cocoa production. In a position paper, the European Cocoa Association calls for more robust traceability systems and farmer registration systems in producing countries, as well as a Due Diligence Regulation at the EU level, in order to create a 'level playing field' for companies importing into the European market. EU Member

States involved in chocolate production and distribution (France, Netherlands, Belgium, Germany) and Switzerland are also promoting national due diligence requirements or multi-stakeholder actions, while France and the Netherlands have already introduced legislation on due diligence in international supply chains. There is a need to foster coherence between these efforts and combine them with structural reforms of the cocoa sector in origin countries.

For **Cashew**: The driver is mainly its huge potential in growth, added value and jobs for African countries, which is starting to materialize in West Africa. The particularity of current cashew international market (dominant flow of raw cashew nuts produced in Africa being transformed in Asian countries and final products re-exported into consumer countries as EU and USA) offers many opportunities for developing industrial transformation in Africa linked to an inclusive and sustainable value chain aligned to EU Promoted Values.

The Action will take a two-pronged approach to achieving its objectives. First, Policy Dialogue Support, including the reinforcement of vulnerable stakeholders to engage in this dialogue, basing on a gender responsive and inclusive approach, (Outcomes 2.1 and 2.3) is needed in order to account for divergent interests and ensure buy-in from all stakeholders across the cocoa and cashew supply chains.

As an example the initiative towards greater sustainable cocoa production must be developed through extensive and inclusive consultations with both public and private sector actors in producing and consuming countries and provide recommendations and inputs to related legislative developments in the EU, among others the deforestation-free regulation to minimise the risk that product linked to deforestation be sold in the EU.

Second, in parallel and subsequent to the dialogue process, the Action will support the government authorities of selected cocoa-producing countries to carry out the legal/regulatory reforms necessary to implement the decisions taken and comply with relevant existing and upcoming EU legislation and will provide technical assistance and capacity-building for the private sector to ensure that they are able to comply with any new requirements. In other words, this parallel work-stream will be fully dedicated to ensuring that sustainable cocoa production criteria and EU legislative framework are applied in practice and adhered to by the relevant actors.

For cashew, the action support activities addressing key points in the areas of research, production, processing and marketing of primary and secondary cashew products, and intensify information exchanges not only between the actors themselves but also with national and international traders. At the same time, the Action adopts a multi-level approach, which takes account not only of the international and supra-regional level, but also of the national, regional and local level in the countries involved. The action's capacity development strategy will be implemented at all levels, i.e. individual capacity development, organisational development, development of framework conditions, and networking.

On local level, this includes trainings for smallholder farmers and (to a limited scale) small-scale / satellite or cottage processors. On intermediate level it includes cooperation with traders, small- and medium-sized processors, marketers, exporters as well as public and private extension services, sector authorities, producer associations, and NGOs. On national level it involves cooperation with umbrella organisations as well as governmental organisations responsible for sectoral planning and the creation of favourable framework conditions. On regional level, the action aligns with regional policies and plans (e. g. the CAADP process), if present, and promotes South-South cooperation. Internationally, the project links up with international and local private companies, as well as international research organisations, and private sector associations.

The action will be intensified with the Economic Community of West African States (ECOWAS) and the Research and Development Network on Cashew in Africa (REDAA), which are regional institution and platform contributing to the promotion of the competitiveness of the African cashew industry. The Action will permit to continue the current support to the operationalization of the CICC (Consultative International Cashew Council) which represents the international intergovernmental platform to provide a consultation framework and to create a synergy of actions between the Member States for a sustainable development of the cashew sector.

In general, the Action aims to demonstrate the economic and social potential of value chain development to national governments and to support them to take over responsibility for a specific sectors development and coordination by degrees. It further aims to support national actors at all level to fulfil their role in developing the specific sector. Finally, this change in framework conditions will allow a shift from the creation and/ or support of private sector institutions promoting a specific value chain to an intensive collaboration between the already or by then existing institutions. In consequence, the action is always demand-driven, listening to partners needs and adjusting the agenda to those requirements, which can also be considered as a sustainable exit strategy.

The issue of traceability will be especially addressed for both value chains mobilising European and African knowledge facilitated by the Joint Research Center of the European Commission.

Both Components will seek synergies and complementarities with interventions implemented at national level by the EU Delegations, including policy dialogue mechanisms established in some African countries. In this context it is key that implementing organisations have a proactive and regular interaction with the EU Delegations.

Both Components will also seek synergies with global, continental, and regional interventions (including agri-blending initiatives) such as: Fit for Market+, AGRINFO, Desira, FO-RI, ABC Fund, AgriFI, MarkUp phase II, ACP Business Friendly, among others.

### 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.

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (e): Main expected results (maximum 10)	Indicators (e): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	To promote inclusive, sustainable and climate resilient agricultural value chains through policy support, technical assistance and the empowerment of key actors linking agribusiness to African farmers, to fully increase the participation of farmers in the transformation and modernisation of the agriculture sector at the national/regional level thereby increasing their incomes and reducing poverty in African countries.	1 # and % of farmers in participating countries with improved income, food security and livelihoods, disaggregated by gender.  2 Level of increase in the national agricultural produce (per countries).	To be defined	To be defined	Impact studies; National statistics	<i>Not applicable</i>
<b>Outcome 1</b>	1. Connected African Farmer's organisations, including Women's FO, and farmer-led enterprises with agribusiness.	1.1.1 Turnover increase: annual turnover increase of cooperatives and farmer-led enterprises  1.1.2. Volume of sales: increase in the volume of sales of cooperatives and farmer-led enterprises.	To be defined	To be defined	Cooperatives and farmer-led records; Cooperatives and farmer-led records	Political, social, and macro-economic stability; climatic stability
<b>Outcome 2</b>	2. Promote inclusive, sustainable and competitive cocoa and cashew value	2.1.1. Farmer revenues (in FCFA per annum), disaggregated by gender	To be defined	To be defined	Official statistics from producing	Côte d'Ivoire and Ghana will continue

	chains maximizing sustainable value for producers in African countries.	<p>2.1.2. Income Increase: Annual income of farmers family from cashew increased by 20%</p> <p>2.1.3 Investment: Private and public investment in the cashew sector, annually</p> <p>2.1.4. Deforestation rate (in hectares per annum)</p> <p>2.1.5 Areas of terrestrial and freshwater ecosystems under sustainable management with EU support (km2) [GERF 2.9 NDICI-Global Europe][SP]‡</p> <p>2.1.6 Number of beneficiaries of climate adaptation measures promoted, disaggregated by gender and by adaptation measure</p> <p>2.1.7 Greenhouse Gas (GHG) emissions avoided (tonnes per CO2eq) with EU support <i>on the reduction of land conversion</i> (GERF 2.7)</p>			<p>beneficiary governments, if available.</p> <p>Relevant data collected by third parties (e.g. EU Agencies, Scientifics, development partners, NGOs), if available and subject to the agreement of beneficiary governments.</p> <p>Baseline and end-line study to be conducted by the project (as a last resort).</p> <p>Yield Survey/Economic Case Studies</p> <p>CICC Development Investment Mapping</p>	to implement the Living Income Differential.
<b>Output 1</b> <b>relating to Outcome 1</b>	1.1 Improved capacity of FOs, , including women's FOs, to deliver technical and economic services and connect their members to markets.	<p>1.1.1: # of supported rural producers/members of rural producer organisations reporting new or improved services provided by their organisations, including by # of women's organisations.</p> <p>1.1.5: # of MSMEs/cooperative applying sustainable production and consumption practices</p>	To be defined	To be defined	FOs reports; audit reports; farmers and stakeholders surveys; MSMEs and cooperatives surveys	Strong political and economic interest in agriculture and the recognition of its centrality to development; FOs able to attract, train and motivate qualified and experienced staff.

<b>Output 2</b>  <b>relating to Outcome 1</b>	1.2 Improved access of FOs, including women's FOs, to financial services.	1.2.1: # of private sector investments mobilised through bankable business plans  1.2.2: Amount of private sector investments mobilised through bankable business plans  1.2.3 Number of beneficiaries, disaggregated at least by sex, with access to financial services: a) firms, b) individuals (GAP III indicator).	To be defined	To be defined	FOs reports; audit reports; farmers and stakeholders surveys.	Strong political and economic interest in agriculture and the recognition of its centrality to development; Interest from financial institution to invest in agricultural sector; FOs able to attract, train and motivate qualified and experienced staff.
<b>Output 3</b>  <b>relating to Outcome 1</b>	1.3 Strengthened linkages between FOs, including women's FOs, and agribusiness.	1.3.1: # of contract farming signed with national companies  1.3.2: # of contract farming signed with international companies	To be defined	To be defined	FOs reports; audit reports; MSMEs and cooperatives surveys	Strong political and economic interest in agriculture and the recognition of its centrality to development; Interest of the agribusiness to enter in contract farming with cooperatives and farmer-led enterprises; FOs, cooperatives and farmer-led enterprises able to attract, train and motivate qualified and experienced staff.
<b>Output 4</b>  <b>relating to Outcome 1</b>	1.4 Improved business environment and cooperatives/agri-SMEs competitiveness.	1.4.1: # of policy consultation frameworks /committees/task forces/ processes FOs are participating including a gender and youth perspective	To be defined	To be defined	FOs reports; national statistics and surveys	Government and business partners are willing to develop inclusive policies.

		1.4.2: # of FOs participating in value chains coordination platforms and inter-professions				
<b>Output 5</b> <b>relating to Outcome 1</b>	1.5 Strengthened institutional capacities and professionalism of FOs, including women's FOs.	1.5.1: # of FOs audited annually 1.5.4: # of rural producers' organisations with women in leadership positions	To be defined	To be defined	FOs reports; audit reports	FOs able to attract, train and motivate qualified and experienced staff.
<b>Output 6</b> <b>relating to Outcome 1</b>	1.6 Enhanced knowledge, technical support and dissemination for implementation on and scaling-up.	1.6.1: # of knowledge management events organised 1.6.2: # of papers, technical documents, tools and guidelines elaborated (at programme level), including a gender and inclusive approach.	To be defined	To be defined	Implementing institution reports	Implementing institution has the technical competences and experience to provide support to RFOs, NFOs, farmer-led enterprises, and cooperatives.
<b>Output 1</b> <b>relating to Outcome 2</b>	2.1. Policy Dialogue Support on Cocoa and Cashew Value Chains.	2.1.1. No of Policy Dialogue Processes supported  2.1.2 No of Action Plans facilitated under Policy Dialogue	To be defined	To be defined	Database of participants	
<b>Output 2</b> <b>relating to Outcome 2</b>	2.2 Capacity Building for Implementing Public Policies, basing on a gender responsive and inclusive approach.	2.2.1 Number of national and regional government officials receiving support and training training, disaggregated by gender 2.2.2. Franc CFA/EUR/USD investment mobilised	To be defined	To be defined	Meeting reports Other project reports Reports from workshops, training sessions, etc.	Economic competition between countries and companies does not get in the way of cooperation aiming to promote sustainable production.  Stakeholders are able to reach consensus on sustainable cocoa production.  There is sufficient political will to ensure 'buy-in' from

						government authorities.  Investors are willing to mobilise funds towards cocoa infrastructure despite current economic downturn (due to COVID-19)
<b>Output3 relating to Outcome 2</b>	2.3 Support private sector (including but not limited to farmers, farmers' cooperatives, traders and processors) to engage in Public Policy Dialogue, basing on a gender responsive and inclusive approach.	2.3.1 Number of position papers developed by the private sector and presented at the multi-stakeholder dialogue meetings, including a gender and inclusive perspective 2.3.2. No. of private sector participants to multi-stakeholder dialogue meetings, disaggregated by gender	To be defined	To be defined	Private sector responses to outreach activities (i.e. consultations) carried out by private sector representative bodies.  Position papers issued by private sector representative bodies Database of participants	Private sector representatives recognise that there are commercial opportunities in the development of sustainable cocoa production systems and agree to contribute to multi-stakeholder dialogue and adapt their practices. Farmers recognise that there are social opportunities in investing in the education of children and in the development of sustainable cocoa production systems and agree to adopt more sustainable agricultural practices
<b>Output 4 relating to Outcome 2</b>	2.4. Capacity Building for Private Actors (including but not limited to farmers, farmers' cooperatives, traders and processors) on inclusiveness and Sustainability issues and access to finance	2.4.1. No. of farms demonstrating improved scores in key indicators of sustainability  2.4.2 Franc CFA/EUR/USD investment mobilised	To be defined	To be defined	Baseline and end-line assessments (already available through existing initiatives or conducted by the project) Workshop reports Declaration of intent to invest, feasibility studies, etc.	



## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

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

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this Financing Decision.  
Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

### 4.3 Implementation of the Budget Support Component

N/A

### 4.4 Implementation Modalities

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

#### 4.4.1 Indirect Management with an entrusted entity

*Component 1 - Farmers' organisations for Africa: connecting farmers with agribusiness, basing on a gender and inclusive approach.*

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: 1. unique and extensive experience strengthening partnerships and collaboration with Farmers' Organisations; 2. extensive experience working in technical assistance and capacity building projects with Farmers' Organisations in Africa; 3. extensive experience in agriculture sector and access to finance/investments in Africa; 4. global reputation for transparency and accountability to effectively implement development projects.

The implementation by this entity entails a contribution to achieving Specific Objective 1 and its related outputs.

*Component 2 – Sustainable Agriculture Value Chains: Cocoa and Cashew*

A part of this action may be implemented in indirect management with one or several entities, which will be selected by the Commission's services using the following criteria: 1. global reputation for transparency and accountability and supporting stakeholders to effectively translate policy reform commitments and national programmes into practice; 2. unique and extensive experience with regard to sustainable cocoa in West and Central Africa and sustainable agri-value chains more broadly; 3. focus of the entity's mandate and experience to improve decision-making capacity of the Commission in relation with the economic, social and environmental sustainability of European Union (co)-financed agrifood investment operations and EU-led policy dialogue on agrifood systems; 4. experience working with the EU, through its EU Reducing Emissions from Deforestation and forest Degradation (REDD) and EU FLEGT Facilities, helping producer and consumer governments in using transparency as an opportunity for better law enforcement, improved land-use governance and informed trade dialogues.

The implementation by this entity entails a contribution to achieving, among other but not limited to Specific Objectives 2 and related outputs 2.1, to 2.4. The part of the action to be implemented by the entity is related (i) to provision of analytical and advisory services, policy facilitation, specific interventions along the cocoa and/or the cashew value chains and investment support; (ii) provision of expertise to the EU-Côte d'Ivoire, EU-Ghana, EU-Cameroon and EU-West and Central African countries partnerships by supporting national and subnational processes and efforts on sustainable cocoa production and forest restoration; (iii) to a regional approach (anchored in the cocoa and/or cashew producing countries) bringing together public and private stakeholders, promoting

learning experiences, sharing of information and knowledge. In this regard the entity can support the national governments of the cocoa and/or cashew producing countries in the creation of a new legal framework for cocoa and/or cashew production and trade. The entity can offer policy advice, also to the European Commission in their negotiation with the concerned countries. Based on this legal framework and in order to accompany reform efforts in the cocoa and/or cashew sector and related sector policies such as forest, environment, agriculture and trade, the entity can address, among others, the following aspects: promoting a living income, reducing child labour, fighting deforestation and forest loss. In these fields of intervention and upon request from the European Commission, the entity will design and implement specific projects to support the policy dialogue with the producer countries. This will allow to test concrete solutions to identified problems on the ground.

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

Implementation in direct management through grants may replace the implementation in indirect management when negotiations with an entrusted entity (4.4.1) fail or due to circumstances outside of the Commission's control.

##### (a) Purpose of the grant(s)

The grants will contribute to (i) strengthen the institutional, legal and regulatory frameworks for sustainable cocoa production and; (ii) empower the private sector – including farmers and farmers' cooperatives – to improve agricultural practices and comply with sustainability standards.

##### (b) Type of applicants targeted

Type of applicants includes: public bodies, international organisations, NGOs.

In this case, the implementation through grants entails a contribution to achieving Specific Objective 1 and its related outputs and Specific Objective 2 and its related outputs.

#### 4.4.3 Other actions or expenditure

Part of this action may be implemented through a Service Level Agreement with JRC in order to mobilise its expertise in the achievement of Specific objective 2 and related outputs 2.1 to 2.4

#### 4.5. Scope of geographical eligibility for procurement and grants

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

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

#### 4.6. Indicative Budget

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>
Component 1 - Farmers' organisations for Africa: connecting farmers with agribusiness, basing on a gender and inclusive approach.	
Indirect management with an entrusted entity - cf section 4.4.1	20 000 000
Component 2 – Sustainable Agriculture Value Chains: Cocoa & Cashew	
Indirect management with an entrusted entity - cf section 4.4.1	8 500 000
Implementation through Service Level Agreement with JRC – cf section 4.4.3	1 500 000
<b>Evaluation</b> - cf. section 5.2	<i>may be covered by another</i>
<b>Audit</b> - cf. section 5.3	<i>Decision</i>
<b>Totals</b>	30 000 000

## 4.7 Organisational Set-up and Responsibilities

At least one steering committee meeting per Component will be organised every year, involving the European Commission, and the implementing entities. In the case of Component 1, the Regional Farmers Organisations will also attend the steering committee meeting.

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).

Roles and responsibilities for data collection, analysis and monitoring:

- The implementing entities will have specific responsibilities for monitoring and reporting under this Action, including to collect data on the baseline and endline. Indicator values could be measured at regional level or at country level and then harmonised depending on the nature of the activities.
- 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 and nature of the Action, a mid-term and final evaluations will be carried out for this Action or its components via independent consultants contracted by the Commission or via an implementing partner.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to adaptation of this Action or its components to a changing context.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this Action or its components could be subject to a new phase in the future.

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

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

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

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.

### 5.3 Audit and Verifications

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

## 6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

In line with the 2022 “Communicating and Raising EU Visibility: Guidance for External Actions”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

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

## Appendix 1 REPORTING IN OPSYS

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

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

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

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

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

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

Contract level		
<input checked="" type="checkbox"/>	Single Contracts	Contribution agreement with entrusted entities
<input checked="" type="checkbox"/>	Single Contract	Service Level Agreement with JRC

The intervention level for the present Action identifies as (tick one of the 4 following options);