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<u>THIS ACTION IS FUNDED BY THE EUROPEAN UNION</u>

<u>ANNEX 5</u>

to the Commission Implementing Decision on the financing of the multiannual action plan in favour of the Republic of Uganda for 2023 -2024

<u>Action Document for Sustainable Business for Uganda 2.0 (SB4U 2.0)</u>

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

1.1 Action Summary Table

1. Title **CRIS/OPSYS business reference** **Basic Act**	Sustainable Business for Uganda 2.0 (SB4U 2.0) OPSYS number: ACT- 62113 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Sustainable Business for Uganda (SB4U) Team Europe Initiative – Uganda Uganda – Sustainable Business | Team Europe Initiative and Joint Programming tracker (europa.eu)
3. Zone benefiting from the action	The action shall be carried out in Uganda
4. Programming document	Multi-annual Indicative Programme (MIP) 2021 – 2027 for the Republic of Uganda
5. Link with relevant MIP(s) objectives / expected results	MIP Priority Areas 2 (Promoting sustainable and inclusive growth and jobs) Specific Objective 2.1: Promoting sustainable investments and 2.3 : Promoting decent employment. Expected Results 2.1.a (increasing investments into critical economic sectors); 2.1.b (through an increase in the volume, value and quality of Uganda's exports); 2.1.c (increasing mobilization, equitable access and utilization of green economy finance); 2.3.a (through an increase in the number of decent and sustainable jobs created).
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	MIP Priority area 2: Promoting sustainable and inclusive growth and jobs (DAC codes 250, 311, 321, 331)
7. Sustainable Development Goals (SDGs)	Main SDG: 8 – Decent work and economic growth Other significant SDGs and where appropriate, targets: 5 – Gender equality and women empowerment 9 – Industry, innovation and infrastructure 10 – Reduced inequalities 12 – Responsible consumption and production

	16 – Peace, justice and strong institutions 17 – Partnerships for the goals			
8 a) DAC code(s)	250 – Business & other services – 40% 311 – Agriculture – 30% 331 – Trade Policies & Regulations – 30%			
8 b) Main Delivery Channel	45001 – World Trade Organisation - International Trade Centre 90000 – Other			
9. Targets	☐ Migration ☒ Climate ☒ Social inclusion and Human Development ☒ Gender ☐ Biodiversity ☐ Education ☒Human Rights, Democracy and Governance			
10. Markers **(from DAC form)**	**General policy objective** @	**Not targeted**	**Significant objective**	**Principal objective**
	Participation development/good governance	☐	☒	☐
	Aid to environment @	☐	☒	☐
	Gender equality and women's and girl's empowerment	☐	☒	☐
	Reproductive, maternal, new-born and child health	☒	☐	☐
	Disaster Risk Reduction @	☒	☐	☐
	Inclusion of persons with Disabilities @	☐	☒	☐
	Nutrition @	☒	☐	☐
	RIO Convention markers	**Not targeted**	**Significant objective**	**Principal objective**
	Biological diversity @	☒	☐	☐
	Combat desertification @	☒	☐	☐
	Climate change mitigation @	☒	☐	☐
	Climate change adaptation @	☒	☐	☐
11. Internal markers and Tags:	**Policy objectives**	**Not targeted**	**Significant objective**	**Principal objective**
	Digitalisation @	☐	☒	☐
		YES	NO	
	digital connectivity	☐	☒	
	digital governance	☒	☐	
	digital entrepreneurship	☒	☐	
	digital skills/literacy	☒	☐	
	digital services	☒	☐	

	Connectivity @	☒	☐	☐
	digital connectivity energy transport health education and research	YES ☐ ☐ ☐ ☐	NO ☒ ☒ ☒ ☒	
	Migration @	☒	☐	☐
	Reduction of Inequalities @	☒	☐	☐
	Covid-19	☐	☒	☐
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): 14.020121 Total estimated cost: EUR 10 000 000 Total amount of EU budget contribution EUR 10 000 000 The contribution is for an amount of EUR 8 000 000 from the general budget of the European Union for year N and for an amount of EUR 2 000 000 from the general budget of the European Union for year N+1, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths. The Action forms part of the Sustainable Business for Uganda Team Europe Initiative. The proportion of this Action's budget contributing to the TEI is 100%. The commitment of the EU's contribution to the Team Europe Initiative to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	**Direct management** through: - Procurement **Indirect management** with the entity(ies) to be selected in accordance with the criteria set out in section 4.4.2			

1.2 Summary of the Action

Enabling the potential of trade and investments to generate and improve employment in developing countries is a key priority for the European Union. With the **overall objective** to contribute to sustainable economic growth and decent job creation in Uganda, the Action will facilitate and promote inclusive sustainable and green trade and investment between Uganda and the EU (**outcome**). It will be implemented through the delivery of six outputs that address key critical areas for the development of Ugandan trade and investment in selected sectors and value chains; from policies, strategies and tools development and implementation to the competitiveness and capacity-building of MSMEs (including those lead by women) in the areas of quality compliance and e-commerce (**outputs 1, 4 and 5**). The Action will accompany the Government of Uganda in its trade facilitation role for the private sector, allowing Uganda to seize more opportunities in the global and regional markets. Through the capacity-building of the trade-related regulatory bodies, strategic diversifying exports and expanding investments, the project will assist the Government at making the Ugandan private sector more competitive with increased exports

(outputs 2 and 3). The Action will help structuring the European private sector, providing direct services to companies and supporting the organisation of B2B and B2G activities (**output 6**). The Action will adopt a strong value chain and sector approach ensuring that market access and competitiveness are improved for specific value chains and sectors. This should also benefit exporters adapting to European quality and environmental standards, e.g., linked to new policies and directives being developed and implemented under the Circular Economy Action Plan (CEAP).

This Action contributes to the roll-out of the Global Gateway strategy (2021), in line with the "Trade Policy Review - An Open, Sustainable and Assertive Trade Policy" (2021) as well as "the power of trade partnerships: together for green and just economic growth" Communication (2022). The Action fits into the broader framework of the Sustainable Business for Uganda (SB4U) TEI. It complements a number of ongoing and upcoming initiatives funded by Team Europe, to form a substantial and relevant package in support of private sector development and increased trade and investment between the EU and Uganda. Complementing the SB4U 1.0 Action (AAP 2022), SB4U 2.0 focuses on the Trade pillar of the SB4U TEI.

This additional contribution to the TEI will allow to step up even further the political and policy dialogue around trade, investment and job creation, both with key actors in Government and with European and Ugandan private sectors. Since 2020, the EU has taken a leading role in improving investment and trade flows and promoting a partnership of equals by bringing the private sector at the table along with the EU, Member States and key public actors. The Action allows to seize to the momentum created by the organisation of the 2^{nd} Uganda – EU Business Forum in October 2022 and the organisation of several events under the umbrella of SB4U Platform. The Action will provide a powerful instrument to turn the spotlight on the vibrant trade and investment relations between the EU and Uganda. In addition, this action will prepare the ground for the implementation of the EU-EAC EPA, offering the EU more leverage to push for its ratification. Finally, the action allows to respond to the momentum created by the recent accession of DRC to the East African Community (EAC), the implementation of the African Continental Free Trade Area (AfCFTA) and the envisaged EU strategy for Great Lakes, as well as to make the link with a number of multi country initiatives in the pipeline (Strategic corridors for example).

In addition to contributing to SDGS 8, 5, 9, 10, 12, 16 and 17, the proposed Action intends to contribute to MIP Priority Area 2 (Promoting sustainable and inclusive growth and jobs). It will help to achieve the MIP expected results 2.1.a (increasing investments into critical economic sectors); 2.1.b (through an increase in the volume, value and quality of Uganda's exports); 2.1.c (increasing mobilization, equitable access and utilization of green economy finance); 2.3.a (through an increase in the number of decent and sustainable jobs created).

2 RATIONALE

2.1 Context

The European Union (EU) is among the top two sources of Foreign direct investment (FDI) for Uganda and, a top destination for its exports. In the long term, value of EU – Uganda total trade increased from EUR 819 million in 2012 to EUR 1 462 million in 2022 (+79%). However, over the past years, the share of the EU market in Uganda total trade has progressively decreased to around 10.5% in 2021, behind the markets of Middle East and COMESA. The EU remains Uganda second largest exporting market, particularly for agricultural products (81% of Uganda total exports to the EU, of which coffee counts more than 70%) and fisheries (16%). The main export destination countries are Italy, Germany, Belgium, and the Netherlands. However, despite growing EU demand of agricultural products and Uganda agriculture output, Uganda is only EU 110^{th} trade exporting partner. Uganda exporting system of agricultural products, in particular, appear unable to improving the capacity to comply with EU standards that guarantee health, social and environmental protection (e.g. worrying increasing number of shipment interceptions due to SPS unsatisfactory measures).

In respect to imports, the EU-27 was a major source of manufactured products with a share of 9% of total imports. In the last three years, EU-27 and Uganda total trade in goods averaged EUR 925 million. According to the Uganda Investment Authority (UIA), in 2018, EU-27 FDIs stock in Uganda was worth EUR 1.7 billion (mostly in energy, IT, tourism, and construction). EU companies represent a key source of FDI in Uganda and constitute a critical group of all formal businesses in the country. However, they have relatively limited success in influencing sound policy measures, due to an underdeveloped network with local associations. EU companies have a convergence of interests with the Ugandan private sector in promoting an operating environment that is private sector friendly, devoid of unnecessary bureaucratic procedures and corruption and ultimately with minimized costs to their businesses. Overall, Uganda appear missing opportunities in harnessing EU trade preferential treatment, as the EU EAC EPA open for signature since 2016 remains unapplied and exports to the EU, particularly of primary products, are not increasing since some years. The recent development in Kenya and talks for the preparation of an interim EPA, however, are positive developments.

This Action aligns directly with the overall theme of Uganda's National Development Plan (NDP) III, which emphasises "sustainable industrialization for inclusive growth, employment and sustainable wealth creation". Uganda's vision 2040 is a transformed society where Ugandans aspire for a future in which men and women are accorded equal opportunity to participate in development. Through the implementation of Vision 2040, the Government committed itself to improve the trade balance by implementing strategies to transform Uganda's trade capacity and these include; a) increase and diversify exports and ensure stable supply to meet market targets; b) identify new export destinations in regional and emerging markets; c) ensure that the exports are competitive and meet international and EU standards; d) develop an effective incentive system to attract and expand investments in export commodities. Export Promotion is the fourth development strategy of NDP III. Increasing and sustaining Uganda's market share with European Union is stated as a clear objective. In addition, this Action is in line with several national policies covering trade facilitation, MSMEs development and exports. It will contribute to implement the recommendations formulated in the Diagnostic Trade Integration Study Update 2021 from the Ministry of Trade Industry and Cooperatives (MTIC).

Overall, this Action contributes to the roll-out of of the Global Gateway strategy (2021), in line with the "Trade Policy Review - An Open, Sustainable and Assertive Trade Policy" (2021) as well as "the power of trade partnerships: together for green and just economic growth" Communication (2022) which consolidated sustainability as one of the core objectives of trade. It should contribute to the implementation of the Uganda-EU Roadmap to Improved Investment Climate published in October 2019. Finally, it will contribute to the enforcement of the EU-EAC Economic Partnership Agreement (EPA), if ratified as well as contribute to supporting a 'Sustainable Business for East Africa'.

In Uganda, this Action falls under the umbrella of the Sustainable Business for Uganda (SB4U) Team Europe Initiative that provides a framework for strategic EU interventions implemented by EU Member States agencies, finance institutions and other partners in five key areas: i) Access to Finance; ii) Skills and decent jobs; iii) Governance and corruption; iv) Trade and SPS; and v) Productive infrastructures. The initiative aims to identify and overcome obstacles to investments and private sector development, facilitate concrete technical cooperation between Ugandan and European private sector and create, in practice and in the field, a partnership maximizing potential for trade and strategic economic cooperation. This Action focuses on the trade and Investment pillar of the SB4U TEI pillars.

Although much has been achieved especially on the legal and policy framework for gender equality and women empowerment (GEWE), there still exists a significant gap. Women economic participation is still low. In a 2016 review of Uganda's labor market, income and economic status revealed women's disadvantaged status. The national labor force participation rate (LFPR) was 52%, and the employment to population ratio was 48%. The LFPR for men was higher at 60% than women's 46%, and males also had a higher employment to population ratio at 56% and females at 40%. Uganda's national unemployment was 9% in 2016, with only 38% of the population in paid employment. Of this number, a higher proportion of males, 46%, compared to 28% women had paid jobs. There are more women in the unemployed, informal, part-time, unpaid worker categories that are non-paying or low-paid jobs. In contrast, there are more male workers in the higher-paying occupations of high-skilled, own account and earned more than women.

In this framework, since 2020, the EU has taken a leading role in improving investment and trade flows and promoting a partnership of equals by bringing the private sector at the table along with the EU, Member States and key public actors. In 2022, a total of over 3000 people attended the different events organised under the umbrella of the Sustainable Business for Uganda (SB4U); from business breakfast to networking evenings and celebration of the MSMEs international day. The main milestone was the organisation of the 2nd Uganda – EU Business Forum in October. This high-level business forum themed "Mobilizing Quality Investments and boosting trade between Uganda and the European Union" was organised in partnership with the Private Sector Foundation Uganda (PSFU), the Uganda Investment Authority (UIA) and the Government of Uganda. With approx. 2000 participants over the two days, the Forum allowed to mobilise the highest level of decision makers and private sector representatives ready to invest into priority sectors of the Ugandan economy. It provided a powerful platform to turn the spotlight on the vibrant trade and investment relations between the EU and Uganda.

Under the umbrella of the SB4U TEI, this Action will complement ongoing and future bilateral and regional programmes funded by the EU and EU MS. Under, the AAP 2022 (as part of the Multiannual Indicative Programme 2021 – 2027), the EU is funding a Sanitary and Phytosanitary Measures (SPS) related Action (EUR 8M) with the aim to enhance Uganda's capacity to comply with national and international SPS requirements for horticulture in order to protect consumers' health and also to increase quality and quantity of horticultural exports by companies based in Uganda to Europe. The Action will build on previous regional programmes such as the Market Access Upgrade Programme (MARKUP) (2018 – 2023) – aiming at improving market access to the European Union (EU) and the East African region for five East Africa Community (EAC) partner countries in agro-industrial crop and horticultural sectors, the Regional Integration Implementation Programme (RIIP) (2014 – 2021) – aiming at enhancing Uganda's capacity to integrate and harness regional economic opportunities presented by COMESA-EAC-SADC tripartite agreement; as well as the Enhanced Integrated Framework (EIF) and programmes implemented by TradeMark East Africa. The Action will be implemented in full complementarity with upcoming regional programmes and initiatives such as the Market Access Upgrade Programme Phase II (MARKUP II), the programmes to be funded under the regional AAPs 2023 - "Peaceful and Resilient Borderlands II" and "Trade and transport facilitation measures for Strategic Corridors in Africa".

2.2 Problem Analysis

Regulatory, policy and institutional frameworks require upgrading

Inadequate regulatory and institutional frameworks are identified as being a key constraint to trade and economic development in Uganda. The needs to modernize and update policies and legislation and support their implementation was confirmed by discussions with key stakeholders (including MTIC). The National Trade Policy (NTP) requires updating, while unfair competition practices and inefficient disupute resolution mechanisms undermine competitiveness. In addition, Uganda needs to increase its utilization of market access opportunities, improve the regulatory and institutional frameworks for trade in services and operationalize an E-commerce Development strategy. Uganda also needs to participate more effectively in regional and multilateral trade negotiaitons and policy making. Among other things, the DTIS recommended developing and implementing a "Competition Policy and Law" to enhance fair competition – the Competition Bill 2022 has been prepared and is awaiting approval. The DTIS also recommends improving awareness of the importance of intellectual property frameworks, which was also confirmed by the URSB.

Although Uganda enjoys tariff preferences under the Generalized System of Preferences (GSP), non-tariff measures (NTMs), regulatory requirements, and ancillary policies such as country of origin, can prove to be prohibitive constraints reducing the benefits of preferential market access. The country should strengthen its engagement with other EAC partner states to sign the EAC-EU EPA, update regulatory frameworks and intra and inter-sectoral and institutional coordination for the energy sector, support professionals to export their services to the other EAC Partner States through the Mutual Recognition Agreements (MRAs), promote digital trade as well as update key tourism policies.

Furthermore, the need has been identified to enhance the understanding of policy makers and technocrats of the nexus between climate change and trade and the implications for food security and to strengthen sector policies, programmes, and inter-institutional coordination mechanisms reflecting an acute awareness of the link between trade and climate change issues. Non-state actors, especially civil society organisations and private sector entities, should equally be enabled to increase their capacity to mainstream climate change awareness into their work and to advocate for appropriate policies.

Taking into account the recommendations of the Trade Policy Review (TPR), the above upgrades will allow the Ugandan government to project strong negotiating positions in various fora such as the WTO, the AfCFTA and regional economic communities (RECs), to harmonize and implement Uganda's commitments (including on services) as well to enhance inclusive and sustainable growth and development.

As detailed below in the stakeholders analysis, there is need to strengthen institutions responsible for supporting the private sector, to address export capacity gaps and take advantage of emerging trade opportunities. Low awareness of the EU market opportunities and access/entry requirements among producers and exporters is a key challenge. Low capacity of producers and exporters to comply with market entry & access requirements, and meet the year-around supply of quality products is another one.

Poor links between trade, investment, and sector development

Slow economic growth and export diversification highlight the need for targeted measures linking trade, investment, and sector development. Export-wise, Uganda's participation in GVCs has mainly been limited to exports of agricultural products such coffee, tea, cotton, cocoa and vanilla, and fish products. From investment perspective, FDI to Uganda decreased by 35% in 2021, compared to 2019, and rebounded to almost pre-pandemic levels in 2022, with historic concentration in extractives. In this context, the NDP III aims at increasing private productive investment that can be leveraged: as a tool to address persistent gaps in priority sector value chains, sector growth and diversification; as a driver to fast-track implementation of strategic trade reforms. However, rampant corruption, weak rule of law, and an increasingly aggressive tax collection regime create a challenging business environment.

Without an investment promotion strategy, the Uganda Investment Authority (UIA) and the Government largely leave the quantity and quality of FDI inflows to chance. Without a strategy, investment promotion supports private investment reactively, irregularly and focuses too narrowly on activities, such as investment forums. When the Government adopts a sound strategy as its lodestar and holds staff accountable for achieving the strategy's impact targets, all day-to-day activities are geared toward the achievement of those impacts through greater effectiveness in the fierce global competition for FDI.

Further, although Uganda has introduced a set of initiatives to promote investment for inclusive growth and employment (including the establishment of free zones), their effects are limited. There are long-standing persistent challenges that hinder investment inflows, including skills, poor economic management, infrastructure, political uncertainty. Further, the UIA has scarce resources to attract and facilitate foreign and domestic investment due to insufficient capacities, unclear sector value propositions, and an inconsistent investment framework.

Recognizing the relevance of targeted investment, the DTIS recommends the design of specific upgrading roadmaps for new priority sectors. It is observed that targeted sectors receive more than twice as much FDI as non-targeted sectors in developing countries. Further, targeted sectors could see more than 50% percent increase in affiliate employment. The upgrading roadmaps will aim at identifying upstream and downstream sector challenges, develop an effective investment promotion and facilitation system, and stimulate sector integration into the regional and global value chains.

Strategic sector development and investor targeting for new priority sectors are in line with the Government of Uganda's ambition to boost trade performance of emerging industries. With the strategic approach, the Government will indicate commitment and readiness to potential investors to improve the business environment in priority industries, to establish transparent and predictable regulatory frameworks, and provide necessary assistance throughout the investment cycle. Based on investment feasibility and desirability factors, the strategies will enable the country to exert influence over the type and quality of investment for priority sector development, including green investments.

Along with identifying the strategic priority sectors, tools for investment promotion also needs to be sharpened. New communication tools such as interactive web applications and investment promotion materials could render a modernized approach to convey attractiveness and boost investor confidence in a more effective manner.

Lack of transparency and complexity in investment procedures could potentially discourage investments. Beyond economic fundamentals such as market size and growth rate, difficulties related to transparency and predictability of the regulations, and complexity of investment procedures are also key impediments to sustainable FDI flows to developing and least developed countries. In this regard, the investment facilitation for development (IFD) negotiations, currently being conducted at the WTO (Uganda is a participating member) will develop disciplines and guidelines that help to improve transparency, streamline administrative procedures related to investment and enhance international cooperation. Support on implementing the IFD agreement will help to make investment procedures easier, faster, and safer, thus contributing to attract and retain higher-quality FDI flows for sustainable development.

Last but not the least, overall improvements in investment climate should be a continuous effort. Although Uganda has introduced a number of initiatives to promote investment for inclusive growth and employment, including the establishment of free zones. Reforming the investment-related measures based on the country's priorities is essential.

Complex cross-border and taxation environment - a roadblock for continental integration and enhanced international trade

Uganda's complex cross-border environment constitutes a roadblock to achieve the country's vision of deepened continental integration and enhanced international trade. Uganda still faces high transport and trade costs making it less competitive than its neighbouring coastal countries. Transporters and freight forwarders report that the cost of trade in Uganda is nearly 4 times higher than in neighbouring countries. In the latest Doing Business report, Uganda ranked #127 on the Trading Across Border index, behind Kenya and Rwanda, among others. The challenge faced by traders when engaging in international trade is further exemplified by the large number of steps and documents required to import and export goods in and out of Uganda: for example, the export of coffee requires 36 unique interactions between traders and government agencies and no less than 62 different documents.

The challenges faced by the business community to engage in international trade can be rooted back to a series of systematic issues. These include: 1) a lack of an effective institutional mechanism to continuously monitor key trade logistics performance indicators that would allow them to swiftly address potential bottleneck in cross-border formalities; 2) low transparency and predictability of Uganda's cross-border environment, for example, high uncertainty on the level of duties and taxes to be paid at the border, the origin determination and the duty exemption schemes, despite noticeable recent improvement with the implementation of the trade portal and the electronic single window; 3) high levels of controls and inspections at borders and/or inland container depots which can delay the release of shipments and increase the overall cost of import and exports in the country; 4) low capacity of businesses to understand and comply with cross-border requirements.

The low degree of enforcement of trade facilitation obligations under the WTO Trade Facilitation Agreement and the AfCFTA is another testimony of the challenges faced by policy makers to reform Uganda's cross-border environment. As of 2023, Uganda has only implemented 8.4% of its commitments under the TFA and has notified 18 measures in category C: i.e. reforms for which the country requests technical assistance to ensure compliance. More specifically, Uganda is requesting support from international partners to review their legislative and regulatory frameworks, build capacity of its human resources in border regulatory agencies, upgrade their institutional procedures and introduce ICT solution to ease trade conditions.

The DTIS recognised trade facilitation reforms as one of the key drivers of Uganda's competitiveness and called for the institutionalization of the National Trade Facilitation Committee (NTFC), the establishment of a NTFC secretariat, and the provision of technical and financial assistance to URA to operationalize WTO TFA category C reforms.

Underdeveloped national quality infrastructure impairing exports

Ugandan producers and exporters face capacity challenges in complying with SPS and technical standards. To achieve the Government goals stated in the Uganda National Development Plan III (NDP III) by 2025, and in the Uganda vision 2040, in terms of increasing Uganda export volume, the MTIC recommends that the quality infrastructure be further strengthened with clearly defined standards. In 2013, the DTIS report revealed that Ugandan enterprises faced difficulties to meet TBT related requirements of export markets. Eight years later, evidence show that despite noticeable efforts, the national quality infrastructure in Uganda remains underdeveloped (DTIS report, 2022).

Since 2012, with the adoption of the National Standards and Quality Policy (NSQP) and its implementation plan, progress have been made in terms of numbers of standards developed and certified products, yet the absence of a national accreditation body and the presence of a weak framework for coordination and collaboration among the quality infrastructures do not allow for complete improvement of the national quality system. Additionally, even though the policy was adopted in 2012, there have been issues in coordinating and enforcing mechanisms acceptable to all stakeholders. Limited national capacity has led to decreased export potential and has been identified as serious trade obstacle for Uganda. An efficient National Quality Infrastructure comprises institutions including but not limited to a standardization body, metrology services, testing laboratories, and certification and inspection bodies. It needs an accreditation body as well to promote the recognition and international recognition of the conformity assessment services. All the technical services must be provided under a relevant and conducive technical regulatory framework. An efficient and effective Quality Infrastructure is essential for sustainable development. It supports market access as well as the Sanitary and Phytosanitary (SPS) system of the country, which covers food safety, plant protection and animal health.

Insufficiently developed framework to support MSME and low adoption of e-commerce

The National Development Plan III prioritizes digital transformation and adoption of digital tools in manufacturing and services (e.g. tourism) as well as advancement of digital skills for businesses and consumers. Uganda e-commerce market is estimated at 400m USD in 2023, with expected growth rate of over 12% annually reaching 636m USD by 2027. However, the level of e-commerce adoption by business remains low due to limited awareness, lack of skills and capacities to connect to digital channels, as well as due to insufficiently developed infrastructure to support MSMEs with ICT services, logistics and payment solutions. DTIS defines, as one of priorities, harnessing the power of e-commerce through building capacities of MSMEs and BSOs in digitization and adoption of e-commerce. DTIS recommends developing and operationalizing e-commerce strategy; developing a national e-commerce platform (which is currently in implementation through public-private partnership); developing and implementing a training and capacity building program for MSMEs to enable adoption of e-commerce and other digital tools in reaching both internal and export markets.

Trade and Investment promotion

As mentioned in section 2.1, with the establishment of the SB4U Platform in 2020, the EU has taken a leading role in enhancing trade and investment flows with Uganda. The EU has a key role to play to enable European investors to have a deeper understanding of the business environment and investment climate prevailing in Uganda but also to promote Uganda's exports. In Uganda, there is a need to better structure the European private sector (e.g. following the example of Kenya with the establishment of national trade associations and a European Business Council). The EU MS existing national chamber of commerce / trade promotion organisations have limited human and financial capacities. The establishment of a European Chamber of Commerce or a similar structure would have a substantial impact on EU's visibility. It would also allow to increase the presence and policy impact of European companies; especially when compared to Indian and Chinese companies that are fewer in number but more visible.

The following **main stakeholders** have been identified as being key partners in carrying out the activities within the framework of the envisaged Action:

National public institutions and agencies including business support organizations (BSOs)

The Ministry of Trade, Industry and Cooperatives (MTIC) will be a key partner for the implementation of the Action. The mandate of the Ministry of Trade, Industry and Cooperatives (MTIC) is to formulate, review and support policies, strategies, plans and programs that promote and ensure expansion and diversification of trade, cooperatives, environmentally sustainable industrialization, appropriate technology development and transfer to generate wealth for poverty eradication and benefit the country socially and economically. Other key ministries include the Ministry of Finance, Planning and Economic Development, the Ministry of Agriculture, Animal Industry, and Fisheries (MAAIF), the Ministry of Gender, Labour and Social Development, the Ministry of ICT and National Guidance, the Ministry of Gender, Labour and Social Development (MGLS), the Ministry of Water and Environment**,** key for the implementation of the National Climate Change Policy, and the Ministry of East African Community Affairs (MEACA), responsible for coordinating the country affairs with those of the region in East Africa, and in charge on behalf of Uganda in this integration process of the East African Community (EAC). Overall, human and financial capacities of trade support institutions (TSI) are limited.

Uganda Export Promotion Board (UEPB): The UEPB is a public trade support institution established to coordinate the development and promotion of Uganda's exports. It is the national focal point for export promotion and development. It is supervised by the Ministry of Trade, Industry and Cooperatives, falling directly under the External Trade Department.

Uganda Investment Authority (UIA): The UIA is a semi-autonomous government agency mandated to initiate and support measures to enhance investment in Uganda, and to advise the Government on appropriate policies conducive for investment promotion and growth. They operate the UIA One Stop Centre, the first point of contact for potential investors facilitating the set-up of investment projects. As per the UIA annual report, the Authority is aspired to improve investment market intelligence to increase institutional effectiveness and performance.

Uganda National Bureau of Standards (UNBS): The UNBS is the national standards body of Uganda. It is one of the main quality infrastructure institutions. It has adopted an integrated approach to standardisation, developing and promoting national standards as well as offering metrology, testing, inspection and certification services. UNBS is the National Enquiry Point for Technical Barriers to Trade (TBT). It is supervised by the Ministry of Trade, Industry and Cooperatives. UNBS will be one of the beneficiaries and partners of the project. As a beneficiary, its standardisation and conformity assessment services will be strengthened. As a partner, UNBS will be involved in the reach out to SMEs for support for compliance to standards and market technical requirements.

Uganda Revenue Authority (URA): URA plays a pivotal role in facilitating trade in Uganda. Over the past few years, URA has made significant progress towards compliance with the requirements of the WTO Trade Facilitation Agreement and the overall modernization of customs operations. The operationalization of the Single Window features as one the key achievements in enabling a more conducive business environment. Going forward, URA is committed to further introduce and/or enhance trade facilitation mechanisms including in the area of risk-management, advance rulings and streamlined procedures at border crossing to reduce potential delays faced by trucks entering or exiting the country.

The Uganda Registration Services Bureau (URSB) is the national IP office. The Uganda Free Zone Authority is the government agency that regulates and licenses Export Processing Zones and Free Port Zones for the purpose of creating opportunities for export-oriented investment and job creation.

Overall, Ugandan business support organizations (BSOs) lack appropriate managerial and operational capacities to deliver support services to MSMEs involved in export business. This further limits the private sector's ability to take advantage of emerging opportunities from an enhanced business and trade environment. In this regard, the Uganda Export Promotion Board (UEPB) and the Uganda Investment Authority (UIA) face challenges to implement and report on national trade and investment development strategic priority actions. Targeted interventions will be required to align their strategic plans and results frameworks within optimized business and resourcing modelling, and equip them to deliver services for building trade competitiveness of enterprises in national priority sectors. A special emphasis will be placed on gender responsiveness, abilities to advocate policy, to develop trade intelligence and promote e-commerce; through requisite tools upgrading and coaching. These organizations also face limitations in taking advantage of Uganda's missions abroad, as the latter are not fully able to promote the country's export products and services in foreign markets. Strong and capable Business Support Organizations (BSOs) are critical to ensure the private sector (MSMEs in particular) can optimise trade and investment opportunities, subsequently resulting in GDP growth, job creation and poverty alleviation.

Other public structures: The National Trade Facilitation Committee (NTFC) was established following the country's ratification of the WTO Trade Facilitation Agreement. The main mandate of the NTFC is to facilitate the coordination and implementation of cross-border reforms, including through structured and institutionalized public-private dialogue. All stakeholders recognize the importance of the NTFC in ensuring effective cooperation and collaboration among border agencies, However, as of today, the NTFC lacks the institutional capacity to steer the trade facilitation agenda in Uganda, notably due to the absence of permanent secretariat. The Presidential Investment Roundtable on Agriculture has set up since 2019 a technical Working Group to discuss how to improve SPS and value addition to agriculture.

Business and sector associations (private sector - Uganda)

Private Sector Foundation Uganda (PSFU): PSFU is the apex/umbrella body for the private sector in Uganda, made up of over 310 business associations. PSFU serves as the focal point for private sector advocacy, as well as capacity building and dialogue with the government on behalf of the private sector.

Uganda Freight Forwarder Association (UFFA): UFFA is an umbrella association of transport and freight logistics companies in Uganda whose membership handles 90% of Uganda's import and export trade. UFFA offers a range of services to its members, including advocacy and capacity building. It is important to note that UFFA is the only BSO in East Africa offering the FIATA diploma for freight forwarders. UFFA also plays a leading role in the operationalization of the National Logistics Platform established under the auspices of the Private Sector Foundation.

Federation of Customs agents & freight forwarders (FUCAFF): FUCAFF is a membership-based organisation comprised of individuals, companies & firms directly or indirectly engaged or concerned with customs clearing and freight forwarding, warehousing, transporting and other allied trade in Uganda, and abroad. FUCAFF offers a range of services to its members including: advocacy, trainings, dispute resolution and guidelines formulation to comply with new trade-related regulations.

Uganda Women Entrepreneurs Association Limited (UWEAL): Uganda Women Entrepreneurs Association Limited (UWEAL) was established in 1987, whose mandate is grounded in 3 core program areas - Building strong women owned enterprises, networking and marketing linkages for businesswomen and advocating for policies that create an enabling environment for women to compete favorably in business.

Uganda Agribusiness Alliance (UAA): UAA is a network of agribusinesses and agribusiness related apex organisations working towards an inclusive and competitive agribusiness industry in Uganda. It was founded in 2014. It has set up a multistakeholder network of some 180 members for the improvement of quality and food safety of horticulture products. UAA will be a partner to reach out and support SMEs in the Agribusiness sector.

Uganda National Chamber of Commerce and Industry (UNCCI): UNCCI has around 10,000 active members and its services to SMEs include advocacy of the private sector to Government, information dissemination, rules of origin certificate, assistance to do due diligence with their trading partners as well as training in collaboration with other agencies like UNBS in the field of standards and quality. UNCCI may be considered as a partner in the support to SMEs.

Business and sector associations (private sector – European Union)

The main European business and sector associations will also be key partners; incl. the Netherlands – Uganda Trade and Investment Platform (NUTIP); the Club d'Affaires de Kampala (CAK); the Belgium Business Club; the Nordic Business Association.

Micro, Small & Medium Enterprises (MSME)

In Uganda, the private sector generates 77 percent of formal jobs, contributes 80 percent of GDP, funds 60 percent of all investments and provides more than 80 percent of government domestic revenues. The private sector in Uganda is dominated by about 1.1 million Micro, Small and Medium Enterprises (MSMEs) altogether employing approximately 2.5 million people. With a non-homogeneous private sector, Uganda's micro, small and medium-sized firms as well as large enterprises face similar challenges but with differences in the magnitude. The major constraints faced by MSMEs include: i) low capacity and competitiveness; ii) limited access to affordable long-term finance for MSMEs; iii) costly process for product Certification and Standardization. This puts MSMEs in a disadvantageous position within local, regional and export market access of their products and services. iv) limited Access to markets and Information; v) informality – the majority of enterprises within the micro, small and medium sector operate informally; vi) limited infrastructural facilities.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective** of this action is to contribute to sustainable and inclusive economic growth and decent and green job creation in Uganda.

The **Specific Objective** of this action is to facilitate and promote inclusive sustainable and green trade and investment between Uganda and the European Union.

The **Outputs** to be delivered by this action contributing to the corresponding specific objective are :

1. Output 1 – Strengthened policy framework and public and private stakeholders' capacities for enhanced trade competitiveness in selected sectors and value chains

2. Output 2 – Improved investment framework and opportunities
3. Output 3 – Enhanced trade facilitation framework and tools
4. Output 4 – Strengthened quality compliance and standards in selected value chains
5. Output 5 – Strengthened e-commerce ecosystem and stakeholders
6. Output 6 – Enhanced trade and investment promotion between Uganda and the European Union

3.2 Indicative Activities

Activities relating to Output 1 – Strengthened policy framework and public and private stakeholders' capacities for enhanced trade competitiveness in selected sectors and value chains

1.1. Map domestic policies and develop regulatory assessments on critical sectors/areas (e.g. green trade, digital trade and e-commerce, IPR, taxation, competition policy, etc.) to inform policymakers on key impediments and proposed actions.

1.2. Design 4-6 sector development strategies for priority sectors with a special focus on export diversification and greening of value chains.

1.3. Train public and private sector stakeholders on technical policy and regulatory issues in the critical sectors/areas, as well as business advocacy to enable private sector's voices to be represented and contribute to reforms.

1.4. Build consensus towards domestic regulatory reforms and provide guidance on the drafting of new legislative instruments on prioritized trade topics in the critical sectors/areas.

1.5. Build capacities for policymakers on the negotiation and implementation of commitments and the utilization of preferential opportunities in trade agreements (e.g., WTO, EAC, COMESA, Tripartite, AfCFTA, EU EBA, EPA).

1.6. Strengthen capacities of selected institutions (i.e. Ministries, Departments and Agencies (MDA) and BSOs for building trade competitiveness.

1.7. Support MSMEs in selected value chains to enhance their business and export skills. The project will collaborate with other ITC projects in Uganda to embed an Export Accelerator Programme (EAP) in partner BSOs. The EAP offers enterprises of different sizes and levels of maturity the opportunity to improve their understanding of internationalization and readiness to enter foreign markets. It will propose a specific improvement path for each enterprise depending on the company's level of maturity, objectives, motivation, and resources.

Key results (indicative):

- *New or updated policies, laws and guidance in line with international best practices and tailored to Uganda's specific context.*
- *Sector development and investment strategies for emerging industries agreed through public-private collaboration.*
- *Trade negotiation capacities built.*
- *Green transition and the adoption of circular economy facilitated.*
- *Increased technical capacities of officials on specific policy and regulatory matters.*
- *Awareness and capacities raised among private sector actors.*
- *Capabilities of BSOs to support MSME competitiveness strengthened*
- *Improved market access and export competitiveness of MSMEs in selected value chains*

Activities relating to Output 2 – Improved investment framework and opportunities

2.1. Complete strategic investor targeting plans/campaigns for the 4-6 priority sectors, with a focus on green investment, and reactivate a CRM for leads management.

2.2. Support investment promotion efforts with tailored communication material such as investment profiles for the priority sectors.

2.3. Enhance investment facilitation (transparency, predictability of policies, and streamlined administrative procedures) through regulatory assessments (in line with the WTO Investment Facilitation Agreement), and capacity building for policymakers and IPAs to implement reforms and measures for sustainable investment.

2.4. Improve investment climate (market access, investment protection, dispute prevention) through public-private dialogues to identify bottlenecks, facilitating consensus-building on domestic reforms (through sharing of international best practices), supporting implementation of regulatory priorities (e.g., Free Economic Zones, green investment), and leveraging regional and international investment agreements.

Key results (indicative):

- *Strengthened capacity of UIA to generate and manage investment leads to attract prioritized and sustainable and green investment in emerging industries.*
- *Improved investment climate through policy reforms addressing the bottlenecks and adopting international standards and best practices to provide a stable and predictable policy environment for investors.*
- *Increased transparency and streamlined administrative procedures to make investment processes easier, faster, and safer, therefore increasing the attractiveness of Uganda as a FDI destination.*

Activities relating to Output 3 – Enhanced trade facilitation framework and tools

3.1. Support for the operationalisation of the National Trade Facilitation Committee of Uganda (NTFC) and its secretariat to coordinate the implementation of trade facilitation reforms, informed by business led advocacy through the NLP

3.2. Improve selected URA's trade facilitation mechanism to enhance the predictability and efficiency of import, export and transit operations in Uganda.

3.3. Introduce an electronic queue management system to reduce truck congestions and prioritize clearance of perishable products

3.4. Pilot a dynamic trade and logistics dashboard to pinpoint and address supply bottlenecks on a continuous basis

3.5. Provide on-the-job coaching to traders on cross-border compliance and enhance professionalism of customs brokers and freight forwarders

Key results (indicative):

- *Advance Uganda's compliance with its commitments under the WTO Trade Facilitation Agreement and the AfCFTA*
- *Enhance coordination among border regulatory agencies and businesses in the design and implementation of trade facilitation reforms*
- *Increase the predictability on the duties and taxes to be paid by businesses when importing goods into Uganda*
- *Reduce the time and cost of cross-border transactions to help small business unlock trade opportunities;*
- *Promote a more inclusive cross-border environment allowing women and vulnerable communities to trade safely.*

Activities relating to Output 4 – Strengthened quality compliance and standards in selected value chains

4.1. Review and amendment of the main laws and technical regulations in line with international good practices to consistently meet international requirements such as the WTO TBT Agreement and the COMESA Trade Protocol TBT and SPS Annexes

4.2. Provide training and advisory for the setting up of the National Accreditation Body in line with ISO/IEC 17011: 2017

4.3. Strengthen the capacity of the Uganda Bureau of Standards for standards development and promotion

4.4. Build capacity of conformity assessment bodies to the appropriate standards

4.5. Improve the Good Governance for institutions of the national quality infrastructure

4.6. Set up a coordinating mechanism among different institutions of the national quality infrastructure

4.7. Train and coach a pool of advisers/trainers to support MSMEs to implement management systems according to market relevant international standards related to quality, food safety, environmental management and energy management (ISO 9001, HACCP/ISO 22000, ISO 14001, ISO 50001, etc.)

4.8. Train and coach MSMEs through the trained advisers/trainers to implement management systems related to quality, food safety, environmental management and energy management (ISO 9001, HACCP/ISO 22000, ISO 14001, ISO 50001, etc.).

Key results (indicative):

- *The technical regulatory framework for the quality infrastructure improved and aligned with international commitments;*
- *Capacity of Uganda National Bureau of Standards improved;*
- *Strengthened capacity of SMEs in selected value chains to comply with quality and environment standards and TBT-related requirements*
- *Improved access of SMEs to accredited conformity assessment services;*
- *Governance of Quality Infrastructure institutions improved;*
- *Network of local experts to support SMEs enlarged;*
- *Better compliance of SMEs to regional and international standards.*

Activities relating to Output 5 – Strengthened e-commerce ecosystem and stakeholders

5.1. Facilitate partnerships with international and national ecosystem players to advance inclusivity and resolve bottlenecks.

5.2. Design a customized e-commerce training program tailored to the ecosystem and target markets

5.3. Build technical capacities of national partners, including BSOs, in e-commerce and strengthen their capabilities to support enterprises through on-the-job coaching.

5.4. Build capacities of enterprises in e-commerce, through training program and advisory support to connect them to markets through digital channels

5.5. Scale the program through a created network of entrepreneurs via peer-to-peer learning.

Key results (indicative):

- *Ecosystem enhanced for inclusive and sustainable e-commerce*
- *Capacities of BSOs in e-commerce built and offering for enterprises is embedded to ensure sustainability and scalability*
- *Awareness of enterprises on e-commerce increased, capacities of enterprises in e-commerce built and enterprises are connected to markets domestically, regionally and international through online channels*

Activities relating to Output 6 – Enhanced trade and investment promotion between Uganda and the European Union

6.1. Support the establishment and functioning of a European Chamber of Commerce (or a similar structure)

6.2. Ensure continuity to the work of the Sustainable Business for Uganda (SB4U) Platform

6.3. Provide direct services to companies for export / import and investment facilitation

6.4. Scale-up B2B and B2G activities

Key results (indicative):

- *A self-sustainable European Chamber of Commerce (or a similar structure) is established and functional*
- *Organisation of B2B and B2G activities; e.g. Uganda – EU Business Forums, Business Conventions, networking events, workshops / conferences, etc.*

- *European and Ugandan companies are supported ; e.g. creation of export guides, due diligence and market intelligence services, organisation of trade and investment missions to Uganda and Europe, support for participating to international and regional trade fairs, etc.*

The commitment of the EU's contribution to the Team Europe Initiative to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

3.3 Mainstreaming

Environmental Protection & Climate Change

Increased international trade may have a certain environment and climate change. On the one hand, more trade and investment activities can put more pressure on the environment (land, air, water, coastal area, fisheries, etc) and contribute to further climate change. On the other hand, with the revenue and income generated from the increased trade and investment, authorities may have more financial resources to tackle environmental problems and promote the agenda for sustainable and green economies. This Action will particularly focus on improving and strengthening quality standards and certifications, including environmental standards and sustainability/green related certifications and accreditations that add value and increase competitiveness of the MSMEs in selected value chains and contribute to mitigate climate change and environmental impact, not only by "doing no harm" but by having a positive impact. In addition, as part of the efforts to enhance the regulatory and institutional frameworks and the enabling business and investment climate, the action will seek to enhance the understanding of policy makers and service providers of the linkages between climate change and trade and the implications of climate change on food security with the view of strengthening relevant policies and implementing the necessary mechanisms that address issues at the nexus of trade, investment and climate change. Civil society organisations and the private sector entities will also be helped to increase their awareness of climate change and to advocate for appropriate policies.

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

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

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 although the action will not directly address the question of gender equality, it will contribute to the empowerment of women and girls; this will be achieved through promotion of inclusive trade competitiveness of MSMEs in Uganda. Specifically, in the capacity-building activities for MSMEs, for example for quality compliance and e-commerce adoption, engagement of women and girls-led enterprises will be sought. Furthermore, special emphasis will be given on gender sensitivity when raising the capacity of business support organisations to deliver services to MSMEs. Activities focusing on support to the Business Promotion Organisations will also include specific support for Women Business Associations, ensuring the engagement and empowerment of women entrepreneurs and enhancing their trading and export capacities. Throughout the assessment of key value chain and the sectoral strategies, particular attention will be payed to the role of women in each of the steps within the value chains. This action is aligned with the GAP III and the thematic area of engagement "promoting economic, social rights and empowering women and girls", as well as the Country Level Implementation Plan (CLIP) for Uganda 2021-2025.

Human Rights

This Action contributes to the advancement of human, social and economic rights of Ugandans by increasing inclusive trade competitiveness of MSMEs in Uganda. The activities aimed at building capacities of MSMEs, BSOs, public and private institutions supporting the economy, will incorporate measures that ensure upholding of human rights and gender equality. This involves among other supporting private/public-sector dialogue and responsible business conduct, and engaging with the business community on upholding human rights, anti-corruption measures and best practices on responsible business conduct. The action will integrate a rights-based approach and will contribute to ensuring that rights holders, including vulnerable groups, are taken into account. The action will encourage active participation of a wide range of stakeholders in economic groupings and industry clusters aimed at generating benefits at community level. At all stages gender-responsive human rights-based approach principles participation, non-discrimination/equality, accountability and transparency applying to all rights will guide the planning and implementation of the Action. Indicators in the logical framework will show disaggregation by sex, age, and disability.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the action will contribute to the inclusion of persons with disabilities; this will be achieved through promotion of inclusive trade competitiveness of MSMEs in Uganda. Specifically, in the capacity-building activities for MSMEs, for example for quality compliance and e-commerce adoption, engagement of persons with disabilities will be sought.

Reduction of inequalities

Inequality in economic opportunities has prevented Uganda's growth from being inclusive. Inequality measured by the Gini coefficient was 42.8 percent in 2016/17, which was a slight increase since 2012/13. Instead, the main issue for Uganda is inequality of opportunities. Uganda has enjoyed a positive economic transformation – the employment shift between the agriculture and non-farm sectors in the pre-COVID era. However, it was concentrated in the richest 40 percent of population. The employment share in the agriculture sector among the poorest 40 percent changed little, particularly among the poorest 20 percent of population. As a result, while the richest 40 percent's income grew fast and continuously since 2015, household expenditures of the poorest 20 percent grew slowly and fluctuated largely due to the 2017 drought. In other words, the poorest 20 percent of the population was largely left out of the positive economic transformation during the pre-COVID rebound and remained vulnerable to weather and climate shocks. The inequality of opportunities is not limited to the poor. Persistent gender inequality has also constrained women's productivity and income generation capacity severely. Addressing the inequality of opportunity in Uganda and making growth more inclusive in the recovery from the COVID-19 crisis are critical. The inequality of opportunity directly and indirectly contributes to issues such as the low growth-poverty linkage and high and persistent vulnerability. If Uganda keeps leaving the poorest out of the economic transformation process, the poor will remain in the agricultural sector, which is the sector with the lowest productivity and vulnerable to weather shocks. Also, if the inequality of opportunity is not addressed, the recovery from the COVID-19 crisis will likely only increase income inequality and have little impact on poverty reduction. To make the future recovery process more inclusive than the pre-COVID era, Uganda needs to improve the agricultural production process to enhance incomes of farmers, increase demand for jobs in the non-farm sector, accelerate human capital accumulation among the poor, and empower women. (World Bank 2021)

The Action will contribute through the enhancement of livelihoods of low-income households through the improvement of the business environment, raising the trade competitiveness of MSMEs and maximising their integration into regional and international markets. Thus, this will lead to enhanced growth and creation of decent jobs.

Democracy

By strengthening the regulatory and institutional frameworks, inter-institutional coordination mechanisms, and practices and upgrading the services provided to MSMEs, the action will reinforce a rules-based, transparent and accountable environment for trade development and investment promotion, thus contributing to the norms and culture of democracy in Uganda. The engagement of civil society and private sector organization in advocacy will be promoted to ensure more inclusive and transparent governance structures that reply to the needs of private sector and consumers.

Conflict sensitivity, peace and resilience

By addressing systemic problems impeding economic growth and job creation and implementing targeted measures in strategic areas of trade and investment (improving the business environment) as well as boosting the competitiveness and capacity of MSMEs, the action will contribute to the resilience of Ugandans and the Ugandan economy in the face of potential shocks and crises.

Disaster Risk Reduction

The action will not focus on disaster risk reduction, however the promotion of stronger quality and product safety standards (namely with the SPS component) can contribute to avoid or mitigate food crises and also possible diseases risks linked to sanitary and phytosanitary indications).

Other considerations if relevant

With the strategic approach to investment attraction, Uganda may be able to exercise influence over the type and quality of FDI for development. Different FDI projects have different effects and impact on the economic development. Depending on the Government's priorities, needs and objectives, the Government may tailor 'desirable' FDI promotion, including through environmental, social, and governance (ESG) factors.

3.4 Risks and Lessons Learnt

Category	**Risks**	**Likelihood (High/ Medium/ Low)**	**Impact (High/ Medium/ Low)**	**Mitigating measures**
1	Risk 1 - Environmental disasters and health crises	Low	High	– The Action will include online methods that can be used more frequently in the event of crises.
1	Risk 2 - Political instability and upheavals	Low	Medium	– The main implementation partners are international and/or private sector stakeholders. This should allow to lower the risk in case of political / institutional paralysis. – The Action will adopt a flexible and dialogue-driven approach and build on the existing links and networks in the country, in order to mitigate any risks.
3	Risk 3 - Institutional weaknesses and internal coordination problems within the key government Ministries and agencies	Medium	Medium	– A coordination mechanism and governance structure for the programme will be put in place; including key public stakeholders to ensure ownership and involvement. – Technical assistance and capacity building activities will be implemented. – The Action will work on the existing government commitments to international norms and will adopt a dialogue-driven approach.
3	Risk 4 - Frequent turnover of personnel in key	Medium	Medium	– Whenever possible, a mentoring and coaching approach will be favoured as well as long term training (including online training environment) and materials.

	government positions			
3	Risk 5 - Insufficient engagement and capacities of MSMEs, especially women-led MSMEs, in capacity building activities	Medium	Medium	– Actions and outreach to be designed and implemented in partnership and cooperation with stakeholders, such as BSOs and civil society organizations, with focus on women-led businesses. – Activities foresee communication, awareness raising activities and capacity building of private sector stakeholders
2	Risk 6 - Inability to ensure synergy and complementarity with the other trade-related programmes	Medium	Medium	– The choice of the implementing partners is critical. For each programmes, request implementing partners to develop country specific plans to show the specific activities. Country plans that may be developed under the actions will be shared and discussed – under the overall coordination of the EU Delegation. – Ensure a good engagement of all relevant stakeholders.
2	Risk 7 – Low involvement of EU MS and companies in the trade and investment promotion activities	Low	High	– There is now a strong interest from EU MS and their companies to strengthen coordination for trade and investment promotion initiatives. Since the last Uganda – Business Forum in 2022, the political momentum is high. – We will need to manage fears from EU MS and companies will be closely involved from the beginning of the process and design of the strategies and activities to be implemented. – Synergies and partnerships will be ensured with existing structures such national business chambers, business clubs, the SB4U Platform, etc.

Lessons Learnt:

Most of the activities foreseen under this program are building upon previous programs that aimed at promoting market access, private sector competitiveness and trade facilitation in Uganda (see section 2.1). Key lessons learned from ongoing and past EU regional programs in this thematic priority, include:

1. Considerable effort is required to build the trade-related capacity of a country. As an LDC, challenges faced by Uganda can be more systemic in nature as compared to more developed countries. In this regard, it is not enough to rely on technical support through international donor funding. Uganda policy makers, Parliamentarians, civil society and private sector representatives need to be fully engaged in the project activities in order to build their own trade-related skills and knowledge. In the end, only those expertise and capacities built in the country will sustain and contribute to long-term trade capacity building for the country.
2. Strong engagement of the main public institutions and stakeholders is a critical element. It is crucial for the key responsible ministries (particularly the MTIC) to coordinate with other line ministries/agencies and the private sector and build their trade-related capacities along with other key stakeholders. The participating ministries and agencies should be willing to share information and keep the private sector, civil society and other stakeholders informed of progress related to the Action's activities.

3. For the long-term needs, the country should train the next generation of trade specialists and build the institutional trade-related capacities in the government agencies, private sector groups, civil society and academic/educational institutions in order to achieve long term inclusive and sustainable growth.
4. There is a critical need to engage further with the private sector at national and regional levels, in particular Business Support Organisations (BSO) which can serve as multipliers in the field. The relevance and sustainability of interventions thus requires a strong representation and active drive from the private sector, with BSO both benefitting from capacity building and taking part in delivering on the proposed solutions;
5. There is need to streamline the contractual and managerial structure of the programme, and to better align with ongoing and future regional and national interventions, in complementarity with EU and EU MS bilateral portfolios; the EU had dedicated different envelopes to cover pan-African initiatives, sub regional initiatives and national initiatives which could lead to overlaps in the implementation.
6. As regards trade and investment promotion activities, including when setting up European chambers, it is critical i) to gather knowledge and create partnerships with EBOs in the region and in the EU; ii) mobilise EU MS as they will support attraction of member companies and provide much-needed political support; iii) conduct a supply and demand analysis to develop realistic strategies, services and activities; iv) ensure that the initiative is botto-up driven and sustainable.

3.5 The Intervention Logic

It is widely recognised that trade can be an engine of inclusive growth that creates decent jobs, reduces poverty and increases economic opportunity for women and men. In this context, the Action will be implemented through the delivery of six outputs that address key critical areas for the development of Ugandan trade and investment; from policies, strategies and tools development and implementation to the competitiveness and capacity-building of MSMEs in the areas of quality compliance and e-commerce. Thanks to the experience with previous programmes, it is noted that a critical element for success will be to adopt a strong value chain and sector approach ensuring that market access and competitiveness are improved for specific value chains and sectors.

The underlying intervention logic for this action is that by strengthening the policy framework and the capacities of public and private stakeholders' capacities for enhancing trade competitiveness in selected sectors and value chains (Output 1), the Action will address key constraints to trade and investment in Uganda (Outcome). Trade policies can have critical impacts on the international competitiveness of developing countries. Strong and capable national institutions, Business Support Organizations (BSOs) are critical to ensure that the private sector (MSMEs in particular) can take advantage of emerging opportunities from an enhanced business and trade environment. Likewise, strengthening quality infrastructures and national institutions as well as the capacity of private sector to comply with EU quality standards and TBT-related requirements in selected value chains (output 4) will contribute to increase exports of Ugandan products (Outcome) with a positive impact on plant and human health.

By reinforcing the investment framework and creating new opportunities for investments in Uganda (Output 2), the Action will contribute to improve the links between trade, investment, and sector development to nurture innovation and emerging industries. It will further contribute to increase Uganda's participation in regional and global value chains (GVCs) and diversify its exports; notably to the European Union (Outcome). It is anticipated that through exposure and participation in GVCs and RVCs, Uganda can benefit from technology transfer and spill over effects. Strengthening the investment climate and initiative is also a key to enhance sustainable investment in the priority sectors.

Uganda's complex cross-border environment constitutes a roadblock to achieve the country's vision of deepened continental integration and enhanced international trade. By enhancing the trade facilitation framework through target reforms, supporting the development of new trade-related tools and their implementation (Output 3), the Action will have positive impacts on Uganda's competitiveness, export growth, export diversification and GDP growth (Outcome). Trade facilitation also contributes to government revenue through increased trade compliance and improved detection of customs fraud and corruption. It will also contribute to advance Uganda's compliance with its commitments under the WTO Trade Facilitation Agreement and the African Continental Free Trade Area (AfCFTA).

Digitalization is increasingly impacting our economies through growth in e-commerce. The Action will contribute to enhancing the level of adoption of e-commerce by MSMEs, connecting MSMEs to markets digitally, strengthening capacities of BSOs in e-commerce, as well as supporting the development of the e-commerce ecosystem of Uganda (Output 5). In turn, a growing share of e-commerce involves cross-border sales and therefore contributes to increased trade and investment for Uganda (Outcome).

By structuring the European private sector, providing direct services to companies and supporting the organisation of B2B and B2G activities (Output 6), the Action will directly contribute to enhancing trade and investment between Uganda and the European Union (Outcome).

Enabling the potential of trade and investments to generate and improve employment in developing countries is a key priority for the European Union. Trade improves jobs, impacting on the skill level of women and men workers, improving productivity through economies of scale, diversified client base and knowledge transfer, which can be linked to positive wage premiums and skills upgrading. The Action will accompany the Government of Uganda in its trade facilitation role for the private sector, allowing Uganda to seize more opportunities in the global and regional markets. Through the capacity-building of the trade-related regulatory bodies, strategic diversifying exports and expanding investments, improved compliance to quality standards, and better use of e-commerce, the project will assist the Government at making the Ugandan private sector more competitive with increased exports. Overall, by facilitating and promoting an inclusive sustainable and green trade and investment between Uganda and the EU (Outcome), the Action will contribute to sustainable inclusive economic growth and decent job creation in Uganda (Impact).

The Action fits into the broader framework of the Sustainable Business for Uganda (SB4U) TEI. It complements a number of ongoing and upcoming initiatives funded by Team Europe, to form a substantial and relevant package in support of private sector development and increased trade and investment between the EU and Uganda. Complementing the SB4U 1.0 Action (AAP 2022), SB4U 2.0 focuses on the Trade pillar of the SB4U TEI. This additional contribution to the TEI will allow to step up even further the political and policy dialogue around trade, investment and job creation, both with key actors in Government and with European and Ugandan private sectors. Since 2020, the EU has taken a leading role in improving investment and trade flows and promoting a partnership of equals by bringing the private sector at the table along with the EU, Member States and key public actors. The Action allows to seize to the momentum created by the organisation of the 2nd Uganda – EU Business Forum in October 2022 and the organisation of several events under the umbrella of SB4U Platform. The Action will provide a powerful instrument to turn the spotlight on the vibrant trade and investment relations between the EU and Uganda. In addition, this action will prepare the ground for the implementation of the EU-EAC EPA, offering the EU more leverage to push for its ratification. Finally, the action allows to respond to the momentum created by the recent accession of DRC to the East African Community (EAC), the implementation of the African Continental Free Trade Area (AfCFTA) and the envisaged EU strategy for Great Lakes, as well as to make the link with a number of multi country initiatives in the pipeline (Strategic corridors for example).

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 (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To contribute to sustainable and inclusive economic growth and decent job creation in Uganda.	1 **Unemployment rate by sex, age and persons with disabilities (SDG 8.5.2) (Percentage) 2 **Proportion of youth (aged tbc) not in education, employment or training (SDG 8.6.1) (Percentage)	1 TBD following release of 2022-23 data 2 TBD following release of 2022-23 data	1 TBD in the inception phase 2 TBD in the inception phase	1 World Bank, ILO, Uganda Bureau of Statistics National Labour Force Survey 2 World Bank, Uganda Bureau of Statistics National Labour Force Survey	*Not applicable*
Outcome	1. To facilitate and promote inclusive sustainable and green trade and investment between Uganda and the European Union.	1.1 Value of Ugandan exports toward the EU (in EUR) 1.2 Value of European FDI in Uganda (in EUR) 1.3 Number of MSMEs having made changes to their business operations for increased sustainable and green trade with	1.1 0.7 billion (2022) 1.2 0.4 billion (2021) 1.3 0 (2023) 1.4 0 (2023)	1.1 TBD in the inception phase 1.2 TBD in the inception phase 1.3 TBD in the inception phase 1.4 TBD in the inception phase	1.1 European Comission (Eurostat), Government of Uganda reports 1.2 European Commission (Eurostat), Government of Uganda reports	Political stability in the country No major environmental or sanitary outbreak

		the European Union as a result of the Action 1.4 Number of enterprises having transacted international business with the European Union as a result of the Action			1.3 Annual reports of institutions, project progress reports 1.4 Annual reports of institutions, project progress reports	
Output 1	1.1. Strengthened policy framework and public and private stakeholders' capacities for enhanced trade competitiveness in selected sectors and value chains	1.1.1 Number of regulatory assessments developed 1.1.2 Number of sector development strategies with a special focus on export diversification and greening formulated/ improved for the benefit of MSMEs with business sector input, and endorsed 1.1.3 Number of male/female beneficiaries (including government and MSMEs employees) demonstrating improved knowledge or skill in trade policy/regulatory reforms 1.1.4 Number of recommendations endorsed by national stakeholders to improve the business environment through trade related policy/regulatory reforms 1.1.5 Number of male/female policymakers demonstrating improved knowledge or skills on trade negotiations 1.1.6 Number of capacity building solutions delivered to and adopted by BSOs for improved performance particularly in relation to	1.1.1 0 (2023) 1.1.2 0 (2023) 1.1.3 0 (2023) 1.1.4 0 (2023) 1.1.5 0 (2023) 1.1.6 0 (2023) 1.1.7.0 (2023)	1.1.1 5 1.1.2 4 1.1.3 250 1.1.4 15 1.1.5 50 1.1.6 4 1.1.7 10	1.1.1 Project progress reports Mission reports . Copies of regulatory assessments 1.1.2 Project progress reports Copies of sector strategy documents 1.1.3 Project progress reports Mission reports Attendance list in training events 1.1.4 Project progress reports Mission reports Position papers produced. Copies of improved draft and adopted policies and regulations 1.1.5 Project progress reports Mission reports Attendance list in training events 1.1.4 Project progress reports Mission reports 1.1.5 Attendance list in coaching/trainings Certificates issued	Institutional stability and continuity of key personnel/ counterparts Sufficient absorption capacity of beneficiaries

		supporting MSME competitiveness 1.1.7 Number of MSMEs that are owned, operated and controlled by men and women having made changes to enhance their business and export skills			1.1.6 Activity reports, follow up surveys, BSO annual reports and BSO performance reporting 1.1.7. Project progress reports, mission reports, attendance lists	
Output 2	1.2. Improved investment framework and opportunities	1.2.1 Number of investment plans, leads or proposals identified to attract investment in emerging industries. 1.1.2 Number of investment promotion material produced 1.2.3 Number of male/female beneficiaries demonstrating improved knowledge or skills in investment policy/regulatory formulation 1.2.4. Number of investment policy recommendations endorsed by national stakeholders to improve the business environment through investment related policy/regulatory reforms	1.2.1 0 (2023) 1.2.2 0 (2023) 1.2.3 0 (2023) 1.2.4 0 (2023)	1.2.1 4 1.2.2 4 1.2.3 80 1.2.4 8	1.2.1 Plans, lists of leads, project proposals or concepts 1.2.2 Project progress reports Mission reports Position paper produced Copies of draft and adopted policies and regulations 1.2.3 Project progress reports Mission reports Attendance list in training events 1.2.4 Project progress reports	Dedicated resources at UIA to train for investment targeting Institutional stability and continuity of key personnel/ counterparts Sufficient absorption capacity of beneficiaries
Output 3	1.3. Enhanced trade facilitation framework and tools	1.3.1 Number of recommendations endorsed by national stakeholders leading to the reduction of time and cost of cross-border formalities 1.3.2 Number of cases of border regulatory agencies or BSOs having improved their border operations / cross-border services as a result of the Action 1.3.3 Number of male / female stakeholders reporting increased	1.3.1 0 (2023) 1.3.2 0 (2023) 1.3.3 0 (2023) 1.3.4 0 (2023) 1.3.5 0 (2023)	1.3.1 5 1.3.2 5 1.3.3 500 (150) 1.3.4 100 (30) 1.3.5 4	1.3.1 Project progress reports, mission reports, minutes of official meetings (e.g. NTFC); Annual reports of institutions 1.3.2 Annual reports of institutions, survey results Project progress reports 1.3.3 Project progress reports Attendance list and participant feedback post- awareness-raising event	Institutional stability and continuity of key personnel/ counterparts Sufficient interest and engagement of the relevant stakeholders

		awareness on trade facilitation reforms 1.3.4 Number of male / female beneficiaries demonstrating improved knowledge or skill in managing cross-border formalities 1.3.5 Number of trade facilitation tools and mechanisms strengthened/ introduced as a result of the Action			1.3.4 Project progress reports Mission reports Attendance list and evaluation reports after training events 1.3.5 Project progress reports, official journal, tools availability	Sufficient absorption capacity of beneficiaries
Output 4	1.4. Strengthened quality compliance and standards in selected value chains	1.4.1 Number of policies or technical legislation developed/ improved in relation to quality compliance and standards and endorsed 1.4.2 Number of cases in which institutions improved their performance in terms of quality compliance and standards 1.4.3 Number of MSMEs that indirectly benefit from the support provided by the action in the area of quality compliance and standards 1.4.4 Number of national accreditation schemes operational 1.4.5 Number of MSMEs having improved their quality management processes	1.4.1 0 (2023) 1.4.2 0 (2023) 1.4.3 0 (2023) 1.4.4 0 (2023) 1.4.5 0 (2023)	1.4.1 2 1.4.2 5 1.4.3 1000 1.4.4 1 1.4.5 10	1.4.1 Copies of endorsed policies/ legislation Project progress reports Annual reports of institutions 1.4.2 Project progress reports Annual reports of institutions Accreditation certificates 1.4.3 Project progress reports Annual reports of institutions 1.4.4 Project progress reports Annual report of Accreditation Body Website of Accreditation Body 1.4.5 Project progress reports Evaluation reports Certificates issued to the MSMEs	Institutional stability and continuity of key personnel/ counterparts Sufficient absorption capacity of MSMEs
Output 5	1.5. Strengthened e-commerce ecosystem and stakeholders	1.5.1 Number of female/male stakeholders (representatives of MSMEs and women-led MSMEs; BSOs; ecosystem participants)	1.5.1 0 (2023) 1.5.2 0 (2023) 1.5.3 0 (2023)	1.5.1 500 (150) 1.5.2 100 (30) 1.5.3 50 (15)	1.5.1 Project progress reports Mission reports Annual reports of institutions	Sufficient interest and engagement of stakeholders

		reporting greater awareness on e-commerce 1.5.2 Number of MSMEs (and women led MSMEs) having made changes to sell through online channels 1.5.3 Number of MSMEs (and women-led MSMEs) that have opened new online channels 1.5.4 Number of capacity building solutions delivered to and adopted by BSOs for improved performance in supporting MSMEs to do e-commerce. 1.5.5 Number of female/male participants that attend BSO coaching/trainings related to e-commerce.	1.5.4 0 (2023) 1.5.5 0 (2023)	1.5.4 2 1.5.5 20 (7)	Attendance list and participant feedback post- awareness-raising event 1.5.2 Project progress reports Survey of MSMEs 1.5.3 Project progress reports Survey of MSMEs 1.5.4 Project progress reports Mission reports 1.5.5 Attendance list Project progress reports	Sufficient absorption capacity of MSMEs Institutional stability and continuity of key personnel/ counterparts
Output 6	1.6. Enhanced trade and investment promotion between Uganda and the European Union	1.6.1 A European Chamber of Commerce (or a similar structure) is established and functional 1.6.2 Number of B2B and B2G activities organised in the framework of the programme 1.6.3. Number of European and Ugandan companies supported by the programme for trade and investment promotion	1.6.1 None 1.6.2 0 (2023) 1.6.3 0 (2023)	1.6.1 1 European Chamber of Commerce (or a similar structure) is established 1.6.2 TBD in inception phase 1.6.3 TBD in inception phase	1.6.1 Project progress reports 1.6.2 Project progress reports Attendance lists 1.6.3 Project progress reports Evaluation reports	Sufficient interest and engagement of stakeholders Political stability in the country No major environmental or sanitary outbreak

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 48 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 appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures[1].

4.4.1 Direct Management (Procurement)

The procurement will contribute to achieve "Output 6 – Enhanced trade and investment promotion between Uganda and the European Union". It will contribute to support the establishment and functioning of a European Chamber of Commerce (or a similar structure) and/or to ensure continuity to the work of the Sustainable Business for Uganda (SB4U) Platform with the objective to support policy dialogue, provide direct services to companies for export / import and investment facilitation and scale-up B2B and B2G activities. Key results could include (indicative) : creation of a self-sustainble European Chamber of Commerce (or a similar structure); organisation of B2B and B2G activities such as the Uganda – EU Business Forums, Business Conventions, networking events, workshops / conferences; creation of export guides, due diligence and market intelligence services, organisation of trade and investment missions to Uganda and Europe, support for participating to international and regional trade fairs, etc.

4.4.2 Indirect Management with an entrusted entity

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:

– Specific expertise and proven experience in implementing actions and projects on green trade and investment facilitation in Africa (incl. Uganda). This entails: Sound experience in supporting the development and implementation of trade and investment related policies, strategies and tools. Sound experience in building capacities of MSME in the areas of export competitiveness, market access and standards / quality compliance. Sound experience in building sustainable resilient value chains. Sound experience in strengthening e-commerce ecosystems.

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

- Proven experience in implementing EU-funded projects and programmes in Africa.
- In-house operational capacity to implement the foreseen activities in the area of trade and investment facilitation; including extensive in-house technical expertise and capacity to provide capacity building for public institutions and private entities.
- Existing connections and relationships with the stakeholders identified in Section 2.2; i.e. national public institutions and agencies including business support organizations (BSOs) as well as business and sector associations (private sector - Uganda) and MSME.
- Ability to implement the selected activities transparently and in absence of conflict of interest.

The implementation by this entity entails the implementation of the following outputs and the corresponding indicative activities: Output 1 – Strengthened policy framework and public and private stakeholders' capacities for enhanced trade competitiveness; Output 2 – Improved investment framework and opportunities; Output 3 – Enhanced trade facilitation framework and tools; Output 4 – Strengthened quality compliance and standards in selected value chains; Output 5 – Strengthened e-commerce ecosystem and stakeholders.

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

In case the preferrered modalities cannot be implemented due to circumstances outside of the Commission's control:

- For the implementation of the outputs 1 to 5, and the corresponding indicative activities, as described in section 4.4.2, the Commission would revert to direct management (procurement).

For the implementation of the output 6, and the corresponding indicative activities, as described in section 4.4.1, the Commission would revert to indirect management with an entrusted entity to be selected using the following criteria:

- Specific expertise and proven experience in implementing trade and investment promotion actions.
- Proven experience in implementing EU-funded projects and programmes in Africa.
- Operational capacity to implement the foreseen activities under output 6.
- Ability to implement the selected activities transparently and in absence of conflict of interest.

4.5. Scope of geographical eligibility for procurement and grants

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

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

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR) N	EU contribution (amount in EUR) N+1
Implementation modalities – cf. section 4.4		
Outputs 1 to 5 – Trade and investment development composed of		
Indirect management with an entrusted entity – cf. section 4.4.2	8 000 000	
Output 6 – Trade and investment promotion composed of		
Procurement (direct management) – cf. section 4.4.1		2 000 000
Totals	8 000 000	2 000 000

4.7 Organisational Set-up and Responsibilities

A Programme Steering Committee (PSC) shall be set up to provide strategic and management oversight. The possible permanent members of the Steering committee will be the the EU Delegation (chair), the Ministry of Trade Industry and Cooperatives (MTIC), the Ministry of Finance, Planning and Economic Development and the entities entrusted with the implementation of Action (co-chair). Other potential members include : relevant line Ministries, Government Agencies, or other stakeholders including Civil Society and the Private Sector to be invited by the co-chairs. Quorum shall be ensured when both co-chairs and at least two other members are present.

The PSC will notably have the following responsibilities: review and validate work plans, budgets, performance of the programme in terms of the foreseen targets; ensure overall coherence amongst the different components; inform the programme about relevant and complementary activities implemented in the framework of other donor-funded programme or government initiatives. The PSC will meet at least once a year.

Specific Technical Management Committees (TMC) could be created for each of the components of the Action; i.e. the Trade and investment development component (outputs 1 to 5) and the Trade and investment promotion component (output 6). The TMCs will meet regularly (at least quarterly) and will report progress regularly to the PSC.

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).

Any monitoring and evaluation will be gender-sensitive, assess gender equality results and implementation of rights-based approach working method principles (participation, non-discrimination, accountability and transparency) in terms of implementation of the project and project outcomes. Key stakeholders will be involved in the monitoring process. Monitoring and evaluation will be based on indicators that are disaggregated by a minimum sex, age and disability, and even further when appropriate (group, location urban/rural etc.).

Implementing partners will be in charge of ensuring adequate analysis, monitoring and reporting on indicators of the logframe matrix, including the collection of baselines and data collection (responsibilities, timing, and source of funding). Specific arrangements will be determined at a later stage; at contract level.

5.2 Evaluation

Having regard to the nature of the action, a mid-term and a final evaluations may be carried out for this action or its components via independent consultants contracted by the Commission or via an implementing partner.

A mid-term evaluation may be carried out subject to the decision of the PSC in agreement with the Commission. In such case, the mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the complementarity of the Action with past and going EU-funded programmes in similar areas.

A final evaluation is envisaged. It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this is an innovative action.

The Commission shall inform the implementing partner at least 1 month 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.

5.3 Audit and Verifications

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

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

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

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

Appendix 1 REPORTING IN OPSYS

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

- Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;
- Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit). The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

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

Action level (i.e. Budget Support, blending)		
☐	Single action	Present action: all contracts in the present action
Group of actions level (i.e. top-up cases, different phases of a single programme)		
☐	Group of actions	Actions reference (CRIS#/OPSYS#):
Contract level		
☒	Single Contract 1	Contribution agreement with pillar assessed entity
☒	Single Contract 2	Procurement (direct management)