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ANNEX 3

to the Commission Implementing Decision on the financing of the multiannual action plan for the thematic programme on Global Challenges (Prosperity) for 2023-2025

Action Document for Multi-stakeholder action to improve transparency and traceability for corporate sustainability due diligence in value chains (including critical raw materials and textiles)

MULTIANNUAL PLAN

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

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Multi-stakeholder action to improve transparency and traceability for corporate sustainability due diligence in value chains (including critical raw materials and textiles) OPSYS number: ACT-62116 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative (TEI)	Yes – Team Europe Initiative (TEI) on Sustainability in Global Value Chains ¹
3. Zone benefiting from the action	The action shall be carried out worldwide with a focus for component 1 on conflict-affected and high-risk areas.
4. Programming document	Global Challenges Multiannual Indicative Programme 2021 – 2027 ²
5. Link with relevant MIP(s) objectives / expected results	Specific objective 1: Investment climate, private sector, decent work, employment and trade
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Priority Area 3: Prosperity
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 8 Decent Work and Economic Growth Other significant SDGs (up to 9) and where appropriate, targets: SDG 5 Gender Equality SDG 9 Industry, Innovation, and Infrastructure SDG 10 Reduced Inequalities

¹ https://international-partnerships.ec.europa.eu/policies/team-europe-initiatives_en [Accessed on 07/09/2023]

² https://international-partnerships.ec.europa.eu/system/files/2022-01/mip-2021-c2021-9157-global-challenges-annex_en.pdf [Accessed on 07/09/2023]

	SDG 12 Responsible Consumption and Production SDG 17 Partnerships for the Goals			
8 a) DAC code(s)	15220 Civilian Peace-Building, Conflict Prevention and Resolution – 30% 25040 Responsible business conduct - 50% 32110 Mineral/ Mining Policy and administrative management – 20%			
8 b) Main Delivery Channel	Third Country Government (Delegated co-operation) - 13000 World Trade Organisation – International Trade Centre - 41100 United Nations Economic Commission for Europe – 41300			
9. Targets	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective
Digitalisation @		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
digital connectivity digital governance digital entrepreneurship digital skills/literacy		YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	/

	digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity	YES	NO	
	energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION

12. Amounts concerned

Budget line(s) (article, item): 14 02 02 42 Prosperity – Global Challenges

Total estimated cost for 2023: EUR 10 million

Total amount of EU budget contribution for 2023: EUR 10 million

The contribution is for an amount of EUR 10 000 000 from the general budget of the European Union for the financial year 2023.

MANAGEMENT AND IMPLEMENTATION

13. Type of financing

Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.1.

1.2 Summary of the Action

The objective of this action is to foster sustainable value chains by improving the transparency and traceability in line with the upcoming Corporate Sustainability Due Diligence Directive³. The action is divided into two components: Component 1 aims to promote responsible sourcing of critical raw materials and conflict minerals and thus contribute to the development of sustainable and resilient raw materials value chains; while Component 2 aims to promote transparency and traceability in selected value chains, a pre-condition for sustainability.

This action is part of the priority area Prosperity under the Global Challenges thematic programme, which aims at supporting sustainable and inclusive economic recovery and growth post-COVID. Under the first specific objective of the Global Challenges Multiannual Indicative Programme 2021 – 2027 priority area Prosperity it contributes to support investment climate, private sector, decent work, employment and trade, with special attention to women and young people⁴. In line with SDG 8 Decent Work and Economic Growth and SDG 10 Reduced Inequalities, the action aims to provide greater access for partner countries to global public goods such as international standards that contribute to poverty reduction by promoting sustainable trade, decent work and labour standards as well as helping partner countries and the private sector to implement due diligence requirements. Moreover, the action will help to deliver on the EU's commitments by supporting the global flagship initiative on due diligence in sustainable

³ COM/2022/71 final

⁴ Global Challenges Multiannual Indicative Programme 2021 – 2027

value chains.

The action meets the objectives of the Global Gateway⁵ strategy aiming at narrowing the global investment gap, and it supports its implementation by addressing the global supply chains. It is also in line with the efforts of the EU and its Member States in a Team Europe approach to develop sustainable global value chains with partner countries. Notably, it falls within the framework of the work done on the Regional Value Chains (RVC) Approach which aims at developing value chains at regional level to create value addition through local processing and manufacturing. This will reduce partner countries' dependency from outside sources, increasing their share in the regional, continental and global economy, making them more resilient to shocks and creating jobs in the process. It equally supports the implementation of the EU due diligence legislation and sustainable sourcing, with a focus on environmental, social and governance issues (ESG).

Complementarity will be sought with the ongoing SWITCH programmes⁶ and other existing programmes notably AL-INVEST, Euroclima and others. via regular exchanges between implementing partners; by participation of relevant Commission services in the projects annual steering committees; and by including relevant Commission services in the negotiation/contracting phase.

Component 1 will extend the support already provided since 2018 under the European Partnership for Responsible Minerals (EPRM), a multi-stakeholder platform with the objective to increase the proportion of responsibly produced minerals⁷. Its initial scope (accompanying measure to the EU Conflict Minerals Regulation) will be extended, so as to cover raw materials value chains' due diligence issues in the wider sense, in line with the proposal for a Corporate Sustainability Due Diligence Directive that points to the extractive sector as one of the high risk areas requiring specific attention. The composition of the platform will be enhanced to include more representatives from the downstream sector and get more EU Member States involved.

While maintaining the original EPRM focus on Artisanal and Small-Scale Mining, this new phase will take a more comprehensive look at social, environmental and governance issues that affect the mining sector and that are some of the biggest deterrent to private sector presence and investment in partner countries. The mineral scope will also go beyond the conflict minerals tantalum, tin, tungsten and gold (3TGs) and cover other critical raw materials, notably battery minerals. The geographical focus will be on countries where the mining sector is affected by significant due diligence risks, in particular in conflict-affected and high risk areas, as well as on countries with whom the EU is engaged in developing strategic partnerships on sustainable raw materials value chains. Countries falling simultaneously in both categories (i.e. Great Lakes region) would receive priority. This new phase will also aim to be gender responsive, as despite their important role, women are among the groups that face marginalization in the sector.

Component 2 of the action is based on strong multi-stakeholder approach with private sector involvement and will address sustainability in the value chains and thus responding to the high demand for credible sustainable scheme(s) to emerge as complex environments and many traceability systems coexist in parallel. Besides addressing sustainability in the value chains in the garment and footwear industry, component 2 will build upon the learnings from the continuing project as well as from the results of the ongoing traceability study that aims to identify and analyse the potential for applying transparency and traceability solutions and improving environmental, social and governance standards in additional value chains with a gender approach. In light of the recent RVC exercise, and considering the high-risk sectors identified by the upcoming Corporate Sustainability Due Diligence Directive, component 2 will eventually go beyond the textile sectors, and further sectors/products will be further defined.

Through the continuous development of the transparency and traceability platform, and of policy recommendations and technical standards on transparency and traceability, component 2 will continue raising awareness, building capacities, training activities and workshops in key partner countries, integrating, whenever possible, a gender approach. Based on the policy recommendations and standard scheme and blockchain system developed by the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) all stakeholders in the

⁵ JOIN(2021) 30

⁶ <http://www.switch-asia.eu> [Accessed on 08/06/2023] C(2016)7768 and C(2018)8635

<https://www.switchafricagreen.org> [Accessed on 08/06/2023] C(2016)8242

<https://www.switchmed.eu> [Accessed on 08/06/2023] C(2018)7631

⁷ <https://europeanpartnership-responsibleminerals.eu/> [Accessed on 08/06/2023]

identified value chain sectors will be targeted aiming at enabling implementation; sharing of experience and lessons learned; continuous improvement of the sustainability and circularity performance in the identified sectors; and improving understanding and capacity to enhance transparency and traceability along the identified value chain sectors in the ongoing traceability study.

2 RATIONALE

2.1 Context

The proposed action falls under Specific Objective n. 1 – Investment climate, private sector, decent work, employment and trade of the MIP’s priority area Prosperity.

The action will primarily contribute to (i) result n. 2 – greater access for partner countries to global public goods, especially international standards, promotion of sustainable trade, decent work and labour standards, responsible business conduct, and accompanying measures that help partner countries implement due diligence requirements; and (ii) result n. 3 – support to the EU flagship initiative in the area of sustainable raw materials value chains.

This action contributes to the Global Gateway, new European strategy to boost smart, clean and secure links in digital, energy and transport sectors and to strengthen health, education and research systems across the world, by addressing sustainability of global value chains through Team Europe Initiative on sustainability in global value chains. Currently, involved EU Member States in the TEI are Belgium, Germany, France, Italy, Luxembourg, Netherlands, Finland and Sweden. This TEI's potential is to improve the human rights and environmental situation in global value chains by coordinating accompanying support to EU companies, their direct and indirect suppliers in partner countries and all stakeholders on the ground who contribute to sustainable framework conditions. This TEI's proposal is to focus on all stakeholders in the upstream value chains, European clearinghouse for information, tools, and guidance to help public and private actors in partner countries identify requirements and relevant accompanying support to comply with the upcoming Corporate Sustainability Due Diligence Directive to further facilitate EU companies to engage on this with suppliers in partner countries.⁸

The European Union adopted in 2017 the Regulation laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.⁹ The objective of the Regulation is to ensure the responsible sourcing of tin, tantalum, tungsten, and gold (3TGs) minerals from conflict-affected and high-risk areas imported to the EU Internal Market. Additional due diligence requirements may be introduced in the near future by the new proposal for a Corporate Sustainability Due Diligence Directive, which identified the mineral sector as one of the three high risks sector for which specific measures are required. Both the upstream and the downstream sector are likely to require substantial support during the process of adaptation to the new due diligence requirements, to avoid disengagement and diversion of investment flows from the most fragile or conflict affected areas. Another relevant legislative proposal is the European Battery Regulation that aims to mitigate negative environmental and social impacts throughout the battery value chain by promoting circular economy introducing new due diligence requirements. The action will also ensure synergies with existing regional activities on critical raw materials and responsible business conduct .

In 2020 the Commission adopted its Critical Raw Materials Action Plan¹⁰ which indicates, as one of its priority actions, the establishment on strategic partnerships on sustainable raw materials value chains with resources-rich countries. In March 2023 the Commission adopted a package on Critical Raw Materials consisting of (i) a proposal for a Regulation focussing on the internal market aspects (European Critical Raw Materials Act)¹¹, and (ii) a Communication outlining the specific approach for the external dimension. The establishment of strategic partnerships on sustainable raw materials value chains is set to be one of the central elements of this approach. The partnerships will support third countries in extracting value locally from their natural resources and are thus

⁸ <https://capacity4dev.europa.eu/resources/team-europe-tracker/partner-countries/global/sustainability-global-value-chains> [Accessed on 09/06/2023]

⁹ Regulation (EU) 2017/821

¹⁰ COM(2020) 474

¹¹ COM(2023) 160

mutually beneficial.

This idea is also echoed in the recent EU Great Lakes Strategy: Supporting the transformation of the root causes of instability into shared opportunities¹². The Strategy emphasizes the sustainable resources management of minerals, such as tin, tantalum, tungsten and gold, and other critical raw materials, such as cobalt, copper and lithium, important for the global energy transition. It acknowledges and encourages the EU to conclude mutually beneficial partnerships on sustainable raw materials value chains with resources-rich countries in line with the applicable international standards and EU legislation, with the objective to maximize the local added value of natural resources and the diversification of EU raw materials sourcing. In addition, the Strategy states among its guiding principles: ‘The EU will continue to promote gender equality and the full enjoyment of human rights by all women and girls, in line with its international commitments, including through the integration of gender equality in all its commitments to the region’¹³.

The Africa Mining Vision¹⁴ reaffirms the declared objective of all African countries to extract value from their natural resources and resolve some of the most acute social, environmental and governance issues that affect the sector and deter investments. In particular, it states: ‘A sustainable and well-governed mining sector that earns and effectively utilises resource rents and is safe, healthy, ethnically and gender inclusive, environmentally friendly, socially responsible and appreciated by the surrounding communities’¹⁵.

It is also in line with the OECD guidelines on gender-responsive due diligence, which seek to remove structural barriers that prevent women and girls and other marginalised groups from contributing equally to and benefiting from responsible mineral supply chains through a joint effort by governments, the private sector and civil society¹⁶.

The rapid increase of demand for critical raw materials, due to the global shift towards renewable energy and the digitalisation of our economies and societies is also important to secure the global shift to a low-carbon economy, where critical raw materials are often indispensable inputs for a wide set of strategic sectors including renewable energy.

By improving traceability and transparency and with it sustainability in value chains (component 2 of the action), the EU is taking the initiative to lead in the formulation of environmental, social and governance (ESG) framework. By tracking and tracing goods through the supply chains, the producers and brands have the information they need to make verifiable sustainability claims that consumers, governments and regulators can trust. EU plays a key role in driving action for sustainable value chains by being the one of the major import destination for a number of commodities due to the size of the market combined with high consumption rates.

Complementarities, take aways and lessons learnt may be drawn from the related laws and initiatives on corporate due diligence in the supply or value chain, such as the (i) law in France requiring legal horizontal mandatory due diligence requirement for human rights and environmental impacts through the whole value chains; (ii) law in the Netherlands setting up horizontal mandatory due diligence for child labour concerns through the whole value chain, (iii) law in Germany on horizontal mandatory human rights supply chain due diligence; (iv) law in Norway obliging large and mid-size companies to conduct human rights and decent work conditions due diligence throughout their supply chain. Austria, Belgium, Denmark and the Netherlands¹⁷ are in the process of legislating or considering action. Finland, Italy and Luxembourg committed to introduce due diligence legislation. In Ireland, Spain and Sweden civil society campaigns in favour of introducing due diligence legislation are ongoing.¹⁸

Component 2 will be concerned by the upcoming Corporate Sustainability Due Diligence Directive as well as by the upcoming (i) Regulation to curb EU-driven deforestation and forest degradation; (ii) revision of food waste and textiles aspects of the EU waste framework Directive, especially as textile is concerned; (iii) revision of textile

¹² <https://data.consilium.europa.eu/doc/document/ST-6631-2023-INIT/en/pdf> [Accessed on 24/05/2023]

¹³ Ibid

¹⁴ <https://www.africaminingvision.org> [Accessed on 24/05/2023]

¹⁵ Ibid

¹⁶ Stakeholder Statement on Implementing Gender-Responsive Due Diligence and ensuring the human rights of women in Mineral Supply Chains, Available at: <https://mneguidelines.oecd.org/Stakeholder-Statement-Implementing-Gender-Responsive-Due-Diligence-and-ensuring-human-rights-of-women-in-Mineral-Supply-Chains.pdf> [Accessed on 15/03/2023]

¹⁷ on responsible and sustainable international business conduct

¹⁸ Annex 8 of SWD/2022/42 final

labelling Regulation that shall introduce sustainability and circularity parameters based on requirements under the proposed Regulation on eco-design for sustainable products; (iv) EU strategy for sustainable and circular textiles; (v) new EU battery regulation; and (vi) Forest Law Enforcement Governance and Trade (FLEGT) Action Plan¹⁹.

Component 2 of the action is implemented globally, so far in 53 countries. Converged assessments and standards are and shall continue to be formulated and implemented with consideration for domestic politics and legal systems related to improving social and environmental sustainability among suppliers. National strategies/action plans, where possible based on gender sector analysis, and regulations are and shall continue to be developed to advance traceability, transparency and gender-responsive due diligence in the identified value chain sectors.

This action will contribute to SDGs 5 (Gender Equality), 8 (Decent work and economic growth), 9 (Industry, innovation, and infrastructure), 10 (Reduced inequalities), 12 (Responsible consumption and production), 17 (Partnerships for the goals).

2.2 Problem Analysis

The negative environmental and social impacts of global industries, such as garment, agri-food, minerals, have been well documented over the past few decades. Though these impacts mostly occur within the upstream portion of the value chain it is important that mid- and downstream actors take responsibility in ensuring sustainable supply chains. Small and medium-sized enterprises (SMEs), as well as small-scale actors, producers, and other vulnerable groups such as women, young workers, home-based workers and migrant workers constitute a substantial share of the workforce in the upstream portion of the value chains, and therefore are more likely to be affected by environmental, social, economic and human rights violations, due to prevalent subcontracting, informal and irregular contracting practices in global value chains.

In order to increase the industry's ability to manage its value chain more sustainably, both consumers and businesses must be aware of the nature and magnitude of the issues. Promoting transparency and traceability is a precondition to drive sustainable growth and responsible value chains. Therefore, transparency and traceability has become a priority to determine how and where parts and components in production processes have been sourced, what are the environmental, social, health risks and gender-based impacts at the various stages of the value chains, and which tools can be used to improve their sustainability. Traceability and transparency enable industry actors to achieve verifiable performance on human rights, decent work, gender equality and environmental sustainability and can help ensure health and wellbeing for all. In fact, the implementation of traceability and transparency systems can efficiently address information asymmetry between producers and consumers, thus enhancing accountability and fostering consumers taking informed choices on more environmentally-friendly products and alternatives.

As a matter of fact, companies are more accountable and in better capacity to identify, prevent and mitigate sustainability impacts, through enhanced supply chain visibility, which in turn supports them managing financial, operational and reputational risks. Transparency and traceability also play an instrumental role to bolster resilient value chains, through better disruptions management. Traceability and transparency empower consumers to make risks-informed consumption and production choices (products origin, quality, safety, sustainable attributes), while enhancing trust between upstream and downstream actors in the value chain. False claims related to sustainability credentials ('greenwashing') pervades in many global industries due to the difficulty to recollect reliable and accurate data along value chains. Transparency and traceability also bring a significant contribution to the transition to a circular economy, by fostering ecodesign, resource efficiency, waste management and circular business models (e.g. repair, rental, resale, remanufacture). Value chain transparency is likely to attract substantive digital investments in the coming years as a result of companies' transparency focus and regulatory compliance with new requirements (due diligence, sustainability reporting, green claims).

Achieving sustainability goals in the context of rapidly evolving regulations, policies and standards is, however a challenge in itself. While private sector initiatives are being developed to address sustainability concerns, they may not always align with public policy instruments and regulations. This disconnect has the potential to lead to unintended consequences and hinder the scaling up of sustainability initiatives to achieve positive change, particularly with regards to meeting the UN SDGs.

¹⁹ COM(2003)251

Component 1

Responsible mining has direct impact on communities as a whole and the environment. Issues like land use, water use, air quality, climate change as well as public health all intersect with mining. In artisanal and small-scale mining, migration dynamics should be considered under the wider social, environmental and governance issues that affect the mining sector. This sector usually attracts migrants from neighbouring countries, we see that for instance in artisanal gold mining ('orpaillage') in West Africa or the composition of the labour force in South Africa's mining sector. Moreover, women represent a large percentage of the workforce engaged in artisanal and small-scale mining (ASM)—up to 40 or 50 per cent in Africa alone. Some of the barriers in mineral supply chains faced in particular by women include lack of access to decent work, lack of safe working spaces and childcare facilities, and lack of access to finance (e.g. access to bank accounts, tax exemptions) in particular in artisanal and small scale mining. In addition, there are no gender-sensitive strategies to identify, assess, report, address and monitor gender-related human rights abuses in or near mining communities and along mineral supply chains and to ensure that each project is initiated with a gender perspective in design and monitoring. Finally, there are no information tools or methodologies for collecting and disseminating disaggregated data (by gender and other social identities) to address the invisibility of women in mining and mineral supply chains²⁰.

The intervention will also contribute to the implementation of the EU Gender Action Plan III, notably its key thematic priority strengthening economic and social rights and the empowerment of girls and women.²¹

The recommended general approach is to encourage formalisation of ASM and actively engage with both upstream and downstream actors to develop sustainable and resilient raw materials value chains fully compliant with current and upcoming due diligence requirements. This is the basis for creating an enabling environment for further socio-economic and sustainable development with a gender approach of the mining areas and is in full alignment with the continuous efforts of the EU to engage in strategic partnerships on sustainable raw materials value chains with third countries.

The implementation of component 1 of the action will be guided by the following considerations:

- The envisaged budget is significant but not sufficient to effectively cover all aspects of the very diverse and complex minerals sector. Therefore, it will focus on specific niches, where the demand is most significant and a high level of impact looks most feasible and likely, focusing on conflict minerals and other critical raw materials, notably battery minerals, that are mined by artisanal and small scale miners.
- Avoiding duplications and overlaps with other initiatives and actions while addressing existing gaps. It will mostly focus on pilot interventions that can be easily taken as a model for replication.
- The action will support, cooperate with and strengthen ongoing initiatives and partners already active in this field rather than adding another player in the already crowded field.
- Efforts to further engage with more EU Member States and downstream actors will be intensified

Component 2

Between 2019-2024, the International Trade Centre (ITC) and the UN Economic Commission for Europe (UNECE), and its Working Party UN/CEFACT, are implementing the project 'Enhancing transparency and traceability of sustainable value chains in the garment and footwear industry'²² that focuses on garment and footwear industry. ITC and UNECE developed a set of practical and global solutions (including policy recommendations, guidelines, information exchange standards, a call to action, blockchain pilots, audit sharing tools) to support companies to ensure that sustainability claims are based on reliable data from all actors intervening along the value chain. The toolbox allows companies to share information on the origin and sustainability performance of their products and processes in a standardized format and by fostering harmonized audit sharing practices accessible to a wide range of industry actors, including smaller actors such as SME garment facilities, producers and farmers. These developments also promote the use of digital technologies for tracking,

²⁰ <https://mneguidelines.oecd.org/Stakeholder-Statement-Implementing-Gender-Responsive-Due-Diligence-and-ensuring-human-rights-of-women-in-Mineral-Supply-Chains.pdf> [Accessed on 15/03/2023]

²¹ <https://www.iisd.org/system/files/publications/igf-women-asm-challenges-opportunities-participation.pdf> [Accessed on 15/03/2023]

²² C(2018)8440 and C(2022)7873

tracing and mapping of resources as well as facilitating symbiosis by developing an industry-led reporting and certification system. These developments further underscore the importance of the tools developed by the ITC and the UNECE, which came to fruition through a wide and neutral industry consultation process. These tools have shown to be demand-driven by key industry actors and stakeholders, demonstrating the role of IT databases and blockchain-based solutions to support their uptake.

Converged assessments and standards are and shall continue to be formulated and implemented with consideration for domestic politics and legal systems related to improving social and environmental sustainability among suppliers. National strategies/action plans, where possible based on gender sector analysis, and regulations are and shall continue to be developed to advance traceability, transparency and gender-responsive due diligence in the identified value chain sectors.

Building upon the results of the ongoing action, ITC and UNECE have the know-how, knowledge, capacity and experience to apply already attained expertise to other, newly identified value chain sectors, which may include but are not limited to the agri-food and critical raw materials sectors.

In order to identify the additional sectors and priority areas for support, the results of the ongoing traceability study will feed into the process. In addition, International Trade Center can base their expertise on the diagnostic commissioned by the EU and African Union Commission identifying value chains with potential for regionalisation and further development at regional scale in Sub-Saharan Africa.

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

Component 1 of the action targets three main groups of stakeholders, namely the Artisanal and Small Mining (ASM) sector, local communities and global value chains stakeholders.

The **ASM sector** represent an important share of mining activity for several raw materials, including the 3TGs, cobalt, copper and other critical raw materials. Miners are typically unskilled and extract minerals with their bare hands or with simple tools using basic techniques. They often operate without any legal status and are vulnerable to abuse by mine owners and armed forces or criminal networks that have taken over control of a mine. Occupational hazard are among the most frequent risks affecting this group. There is a differentiated affectation of women on the basis of gender.

Communities located in mineral rich areas rely on artisanal mining activities for their subsistence. The families of artisanal miners are mobile, as miners continuously search for new sites to exploit. All family members are often involved in mining activity. The financial situation of these communities is volatile, making them particularly exposed to situations of bonded / forced labour and child labour.

Value chains stakeholders, in particular the downstream economic operators, are increasingly aware of the importance to secure responsible sourcing of minerals used in their production. Consumers and the public opinion play an important role of scrutiny. This group includes private sector, industry, business and distribution actors, buyers' and consumers' groups, community and farmers/miners organisations, development banks, civil society, local authorities, non-governmental organisations, social partners, workers', employers' organisations and women's organisations.

Component 2 of the action targets the following main stakeholders:

Multi-stakeholder initiatives and private sector

UNECE has established a large multi-stakeholder dialogue platform, that includes about 200 accredited UN/CEFACT experts and actors representing more than 190,000 companies from more than 30 countries around the world. Such actors include governments, intergovernmental and international organisations, the private sector (brands, manufacturers, factories, trade unions, and farmers, business associations, standard-setting bodies), civil society organisations (NGOs, academia, think-tanks), local authorities, technology solution providers and development agencies. Building upon the ongoing action with a focus on traceability and transparency for sustainable value chains in garment and footwear, similar approach should be applied to other priority sectors identified for the circular transition, such as agri-food and critical raw materials.

In the existing project, ITC has partnered with two pre-competitive, multistakeholder initiatives active in garment and footwear, the Social and Labour Convergence programme (SLCP) and the Initiative for Compliance and Sustainability (ICS). Both organisations include major brands and manufacturers associations, and aim at

improving working conditions, improving social/labour transparency, and streamlining social/labour data collection. A crucial component of the project implementation is the existence and application of converged approaches, specifically the SLCP's Converged Assessment Framework (CAF) enabling audit sharing as it relates to the uptake by value chain actors. ITC also cooperates with ILO's Better Work on implementing the CAF in the Transparency and Traceability Gateway. For a successful application of the approaches developed in the textile and footwear sectors in other value chains, similar partnerships and levels of cooperation would be a prerequisite for the actions' roll-out.

Governments at national, regional and local level

Governments will benefit from policy advice from ITC and UNECE on responsible corporate and consumers conduct, to sustain more informed consumers' choices, while strengthening the competitiveness of SME exporters, build sustainable export sectors and provide economic opportunities to all actors in the selected value chains. Governments will also participate in internal coordination mechanisms, at the national and global levels.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective of this action is to provide greater access for partner countries to global public goods, especially international standards, promote sustainable trade, decent work, labour standards, responsible and gender-responsive business conduct as well as accompanying measures to help partner countries implement due diligence requirements.

Component 1 of the action intends to contribute to sustainable, gender-responsive and inclusive economic growth in mineral-rich countries through the development of integrated raw materials value chains and advance the Green Deal ambition to promote climate-neutral and sustainable economic development. The activities under component 1 will contribute to the ongoing efforts of the EU of concluding strategic partnerships on sustainable raw materials value chains with third countries. The activities will also be complimentary to existing regional and country-level initiatives on critical raw materials and responsible business conduct.

Component 2 of the action intends to build upon sustainability in the garment and footwear value chains and expand them to one or more sectors (possibly those identified in the ongoing traceability study or in the RVC exercise) and continue developing and implementing of an international framework initiative on transparency and traceability of value chains in the identified sectors.

The Specific Objectives of this action are to:

1. Promote responsible and sustainable sourcing of critical raw materials and the development of sustainable and resilient raw materials value chains fully compliant with current and upcoming due diligence requirements.
2. Promote responsible and gender-responsive business practices in the mineral sector by addressing artisanal and small-scale mining and the wider environmental, social and governance issues that affect the mining sector and that deter private sector investment in partner countries.
3. Enhance transparency and traceability along identified value chains; raise awareness, build capacities, provide training activities and workshops with an inequality approach encompassing also gender in key partner countries based on the policy recommendation, standard scheme and blockchain system developed by UN/CEFACT, targeting all stakeholders in the identified value chain sectors to enable implementation, sharing of experience and lessons learned, and to bring in continuous improvement of the sustainability and circularity performance in the identified sectors. .

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

- 1.1 Contributing to Outcome 1 (or Specific Objective 1): Responsible mining of critical raw materials and due diligence practices of down- and midstream actors are improved.
- 1.2 Contributing to Outcome 1 (or Specific Objective 1): Sustainable supply chains are created through

exchanges and linkages of different key stakeholders along the raw materials value chain.

- 2.1 Contributing to Outcome 2 (or Specific Objective 2): Business Environment for ASMs improve based on formalisation and certification of ASM activities.
- 2.2 Contributing to Outcome 2 (or Specific Objective 2): Sustainable livelihood within mining communities and beyond improved and negative socio-economic impact, particularly to women, of ASM-related activities mitigated.
- 3.1 Contributing to Outcome 3 (or Specific Objective 3): ‘Training and Continuous Improvement’ programme. Building off uptake of a ‘Transparency and Traceability’ Tool and in collaboration with private sector partners, implemented in a subset of EU-export oriented countries in order to (i) improve uptake of inequality and gender-responsive social/labour and environmental sustainability initiatives in the selected value chains; and (ii) obtain a proof of concept and move to scale for wider implementation in multiple producing and export countries.
- 3.2 Contributing to Outcome 3 (or Specific Objective 3): ‘Training and Awareness Raising’ programme with an inequality approach, included a gender approach, based on the Policy Recommendation and Standard Scheme developed by UN/CEFACT, targeting all stakeholders in priority sectors for the circular economy, such as, but not limited to the agri-food and critical raw materials sectors, to enable implementation, sharing of experience and lessons learned, and to bring in continuous improvement in the transparency and traceability framework.
- 3.3 Contributing to Outcome 3 (or Specific Objective 3): ‘Multi-Stakeholder Policy Dialogue Platform’ on transparency and traceability for priority sectors for the transition to a circular economy such as, but not limited to, the agri-food and critical raw materials sectors, are informed of the development of a set of ‘Principles and Policy Recommendations’ along with a ‘Call for Action’ to key stakeholders.
- 3.4 Contributing to Outcome 3 (or Specific Objective 3): ‘Transparency and Traceability gender-responsive Standard’ for the priority sectors for the circular economy such as, but not limited to, the agri-food and critical raw materials sectors, along with implementation ‘Guidelines’ involving the identification of business requirements and the business process analysis in close cooperation with the private sector is developed.
- 3.5 Contributing to Outcome 3 (or Specific Objective 3): Maintain and replicate in one or more sectors as per ongoing traceability study the ‘Transparency and Traceability Tool’ that leverages the ITC Sustainability Map platform and offers customized, open self-assessment and data sharing solutions and tools for relevant stakeholders (as per ITC’s Global Public Goods policies).

3.2 Indicative Activities

Activities relating to Output 1.1:

Activities in this area will contribute to the implementation of the relevant regulations such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risks Areas and the EU Conflicts Minerals Regulation by increasing the awareness at mine sites about responsible sourcing practices. They will also include activities to increase the capacity of mine sites to produce more responsibly. In this light, measures will be taken to increase the awareness of companies about the importance of due diligence by providing tailored due diligence resources and developing case studies providing an insight in companies’ due diligence practices within their supply chains based on relevant EU legislation such as the upcoming CS3D that identifies mining as a high-risk sector.

Activities relating to Output 1.2:

In order to develop sustainable and resilient value chains of critical raw materials, dialogue between actors along the supply chain such as local governments, civil society, mining companies, artisanal and small-scale miners, particularly women, and others will be facilitated. This can include the organisation of events and workshops to showcase lessons learned about responsible practices. It also includes the joint identification of key challenges within the sector and the creation of mutual inclusive strategies to mitigate these challenges.

Activities relating to Output 2.1:

Measures will be taken to minimise the risk of exposure of artisanal miners to abusive practices, by supporting the progressive professionalization and formalisation of the ASM sector through the establishment of cooperatives, associations and other membership structure and by making them accessible to credit and other development finance opportunities, with special attention to the specific conditions of women.

Economic development for artisanal and small scale-miners, with emphasis on women, will be promoted through the provision of direct assistance and capacity building focused in particular on: assessment of the mining sites, formalisation and legalisation of operations, assessment of the trading hubs and regular mapping of transportation routes, establishment of the traceability and/or chain of custody systems, setting up multi-stakeholders commissions and grievance mechanisms.

Activities relating to Output 2.2:

Local government, public services, schools, employers and workers and their associations will take effective action to stop child and forced labour in artisanal small-scale mining districts and communities, with special attention to girls' conditions. Relevant activities will be implemented using an integrated, area-based approach and aim to eliminate all instances of child and forced labour in the communities targeted by this action. This can include sensitization and training of teachers and district education office personnel on child labour and its prevention; support for bridge education to reintegrate out-of-school children in formal education or vocation training, support for vocational and life-skills training for adolescents from vulnerable groups.

Gender-responsive measures to improve the livelihoods of households that are particularly to vulnerable to child and forced labour: market analysis and skills assessments to identify relevant income generation activities, capacity building (cooperative management, productivity improvements) for producer groups, linking producer groups to financial services, training on safety and productivity improvements for small holder cotton farmers and artisanal miners, formation of self-help groups and linking them to microfinance, livelihood capacity building and vocational training for youth. Some of these activities may be developed in collaboration with existing industry support initiatives to improve producer productivity and improve sustainability in the selected value chains.

Where relevant, activities may also support trade union and civil society efforts to organise workers, advocate for improving wages and working conditions and eliminate practices that discriminate against women workers or workers from other disadvantaged groups.

Gender-responsive measures to strengthen district and community level action against child and forced labour in ASM districts, in line with ILO standards: Sensitization of local authorities on child and forced labour; creation and strengthening of coordination bodies of government, workers, farmer associations, small-scale producers, industry representatives and civil society groups on child labour and forced labour; sensitization and capacity building to combat child and forced labour for civil servants in relevant district offices of national ministries (welfare, children and youth, mines, labour, social development, women and justice, among others), establishment/ capacity building of regional and community based organisations, including development NGOs, youth associations, women's organisations and children's clubs to protect, prevent and raise awareness on child and forced labour, as well as their associated risks (school drop-out, health problems, gender discrimination, etc.).

Activities related to Output 3.1:

Capacity building and coaching with an inequality approach, including a gender approach. The inequality approach will target the most vulnerable groups (i.e. women, young workers, home-based workers and migrant workers) : Expand training and coaching programmes, both online and in-person, to support the uptake of the transparency and traceability standards and tools across all relevant value chains. Continuous improvement of the online transparency and traceability tools (SLCP Gateway²³ and customized Sustainability Map with ICS²⁴), implementation of an accompanying training curriculum on the tools and on best practices, and roll-out of the materials with project partners in select national markets.

Activities related to Output 3.2:

Comprehensive training, awareness raising and communication programme with an inequality approach, including a gender approach, encompassing training and coaching sessions for the application of the traceability and

²³ <https://slcpgateway.sustainabilitymap.org/home> [Accessed on 08/06/2023]

²⁴ <https://sustainabilitymap.org/network> [Accessed on 08/06/2023]

transparency toolbox as well as high level training sessions on the whole UNECE Traceability and Transparency toolbox during multi-stakeholders policy dialogue events.

Activities related to Output 3.3:

Active reach out to relevant stakeholders, regular communication with and among them inviting experts from key industries to join and support project activities. Support engaging with industry stakeholders in the identification of challenges and opportunities, and relevant approaches and measures for advancing traceability and transparency of value chains. Use the existing platform as opportunity to discuss good practices and lessons learned from ongoing relevant initiatives at international, regional and national level and raise awareness on the enabling role of traceability and transparency of value chains to support of due diligence and the circular transition in the industry.

Use the Policy Recommendation on ‘Enhanced transparency and traceability for sustainable and circular garment and footwear value chains’, in particular their gender considerations²⁵ and Call to Action for Enhancing Transparency and Traceability of Sustainable Value Chains in the Garment and Footwear industry to attract new stakeholders, including the template for submission of voluntary commitments.

Organise regional multi-stakeholder policy dialogue meetings to promote transparency for sustainable textile and leather value chains, including to inform the development of the policy framework and the overall implementation of the transparency and traceability project.

Activities related to Output 3.4:

For the value chains to be identified in the ongoing traceability study (i) conduct the mapping of traceability requirements and the analysis of the business requirements and existing gaps; (ii) design a set of standards to track and trace; (iii) develop Guidelines for the application of the standard; iv) pilot the use of the transparency and traceability framework.

Activities related to Output 3.5:

Investigate the application of the existing blockchain system to other value chains to be identified in the ongoing traceability study, based on the developed blockchain system for cotton and leather value chains. Invite the stakeholders of the value chains to be identified in the ongoing traceability study to register with the Transparency and Traceability Tool to use and share the repository of facility profiles and their verified assessments on social and labour practices with all their brand partners contributing to elimination of repetitive audits, thus saving resources that can be redirected to improving labour practices while giving facilities ownership of their own data.

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

Mining in general and ASM in particular have a significant environmental impact. Improving ASM practices on the ground will mitigate their environmental impact.

Artisanal and small-scale mining (ASM) is undertaken using manual labour and primitive equipment such as a pick and shovel or a pan. Structures such as shafts, pits or tunnels are usually poorly constructed and unstable. Collapses are common, and this rudimentary infrastructure can be destroyed by natural events such as flooding or landslides. Equipment is often old, damaged, inappropriate to the task, or not maintained regularly. In many cases, miners work without personal protective equipment (PPE) because it is either not available, ill-fitting or its use is not well explained.

Both the environment and people can suffer from poor health and safety practices in the ASM sub-sector. Poor management of mine waste can lead to water and soil contamination. This can result in human health problems and

²⁵ United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), ‘Recommendation N°. 46: Enhancing traceability and transparency of sustainable value chains in the garment and footwear sector’, Geneva, 2022.

pollution of important natural resources used for various livelihood purposes such as agriculture. Diversion and siltation of water resources (such as rivers and streams) can result from intense riverbed or riverine mining. This can have a negative impact on fish resources, water supply and water quality. The use of chemicals such as mercury for processing gold is well known to cause a number of health problems, especially for women who are often charged with this activity.

Resource extraction and processing make up about half of the total global greenhouse gas emissions and more than 90 per cent of land- and water-related impacts (biodiversity loss and water stress).²⁶ In this regard, by promoting responsible business practices in the mineral sector and/or other high-impact value chains and improving the understanding and capacity to enhance transparency and traceability along the identified value chain sectors will contribute to identify and address hotspots for GHG emissions and to build better resilience to climate change.

In aiming to achieve efficient and sustainable value chains, component 2 will aim at identifying and mitigating labour and human rights violations as well as environmental impact. To promote transformative change across key industries, for the transition to a circular economy, improved ESG monitoring and reporting in value chains is necessary. By promoting, facilitating and supporting policy and regulatory compliance through ESG traceability approaches, better and more informed decisions for sustainable production and consumption are made. Cooperation with local entrepreneurs that engage in the shared ambition to tackle environmental and social harms caused by the textile industry is of great importance. One of the indicators will report on the number of suppliers in the garment sector implementing traceability systems in textile and leather value chains, including for health, social and environmental impacts.

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

The Strategic Environmental Assessment (SEA) screening concluded that key environmental and climate-related aspects need be addressed during design.

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

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

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

The Climate Risk Assessment (CRA) screening concluded that this action is 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 gender equality and women's rights will be a significant objective of the action.

This action is aligned with the following thematic areas of engagement of EU GAP III: 'Promoting economic and social rights and empowering girls and women'.

Women are traditionally to a very large extent involved in ASM in Africa and beyond. Additionally, they are a very vulnerable target in conflicts. Therefore, women (and children) in mining and in mining-/conflict-affected communities are one of the major direct target-groups for this action.

In many cases, women are not adequately compensated for work involving often difficult, dangerous extracting and processing of minerals. Women often perform the lowest forms of work in the sub-sector and as such are excluded from training and access to capital. Furthermore, women are expected to carry most of the responsibility of caring for the family, and this can mean that they have no option but to bring children to the work site. This can lead to child labour in ASM mining.

Women are often discriminated against and deemed unable to deal with more sophisticated, mechanised types of mining that reduce the physical burden of manual labour. They are excluded from access to machinery and from training that would be provided to explain mechanised mining. In these contexts, women and girls are also exposed

²⁶ <https://www.resourcepanel.org/reports/global-resources-outlook> [Accessed on 09/06/2023]

to violence and sexual abuses.

For all these reasons, this action will seek, among other aspects, to promote decent and fair working conditions, raise the knowledge and skills of women working in artisanal and small-scale mining and mineral supply chains, and recognise and make visible their essential role.

In addition, a gender approach will be integrated into the actions designed for component 2 in order to analyse the specific status and position of women and take measures to reduce gender inequalities in the identified sectors of the value chains.

Human Rights

This action is aligned with the EU's Action Plan on Human Rights and Democracy 2020-2024. The action will apply a human rights-based approach by ensuring respect of all human rights, participation, non-discrimination, accountability, and transparency in all phases.

In line with the human rights-based approach methodology, the proposed action will abide by the 'do no harm principle' to avoid unintended negative impact in terms of human rights.

Any action targeting 'conflict minerals' directly concerns human rights issues including child/labour and forced labour situations, since conflicts related to minerals are notorious in terms of human rights abuses.

ILO Convention No. 182 describes the worst forms of child labour as labour that is 'likely to harm the health, safety or morals of children'. The Convention prohibits children under 18 engaging in this category of harmful work. During the implementation of the action, attention will also be given to internationally recognised guidelines and principles, including the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the International Labour Organisation (ILO) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, the ISO 26000 Guidance Standard on Social Responsibility and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that disability inclusion will not be a significant objective of the action. Nonetheless, throughout the implementation of the action, due attention can and will be given to opportunities for involving persons with disabilities. Where only possible it is important to ensure opportunities for persons with disabilities to be economic participants across various sectors, including the mining and value chains through direct employment or affording them business opportunities. Different mining companies in the world have various initiatives aimed at including persons in the industry. Action could contribute to disability inclusion by promoting and suggesting such initiatives.

Reduction of inequalities

As per the Inequality Marker, the Action is labelled I-1. The Action has the potential to contribute to inequality reduction by promoting inclusive policy processes, decent jobs and sustainable development. An inclusive sustainability of value chains can enable resource abundant countries to utilise their natural resources to promote development, retain long-term ownership over them and address issues such as conflict metals and exploitation. Sustainable value chains can also improve the working conditions and can benefit health and quality of life for workers and users in a range of practical sustainable value chains applications in sectors and SDGs including, among others, waste management, water and sanitation, clean energy, food production and urban development. Part of the third specific objective, the Action will also adopt an inequality approach, focusing on the most vulnerable (i.e. women, young workers, home-based workers and migrant workers).

Democracy

The action strengthens the democracy as it contributes to improving the public governance and transparency in selected value chains.

Conflict sensitivity, peace and resilience

Improved good governance of mineral resources is one of the main outcomes expected from this project. The action will promote 'Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' issued by the Organisation for Economic Co-operation and Development (OECD).

Human Rights and good governance are closely interlinked in this action as the scope is to provide the global

business community with a practical, risk-based due diligence framework to help companies ensure they are not directly or indirectly contributing to conflicts or serious abuses of human rights.

Disaster Risk Reduction

This action does not target disaster risk reduction.

Other considerations if relevant

N/A

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
3 – People and the Organisation	Lack of strategic vision of the EPRM management team	Medium	Medium	Component 1 will ensure that actions are being taken to increase the strategic vision of the EPRM team.
3 – People and the Organisation	Lack of engagement from EPRM stakeholders (business, CSOs or governments) in its implementation	Medium	Medium	Component 1 will provide an assessment of the current state of play of the engagement of different stakeholders and define a plan of action to maintain or increase it where relevant.
3 – People and the Organisation	Lack of willingness of businesses and other action stakeholders to engage in component 2 of the action in view of improving transparency and traceability of value chains.	Medium	Medium	Component 2 of the action will continue creating an incentive system to give visibility to businesses that progress on sustainability issues. It will also continue to reinforce buyer-backed standards and expectations; and give suppliers the possibility to track and trace and measure their sustainability performance against other suppliers. Information will be exchanged along the value chain according to a UN tracking and tracing standard, and system and the data disclosed by suppliers will be protected within UN data protection system.
1 – External Environment	Lack of willingness of brands/buyers to engage in discussions sustainability performance an on transparency and traceability	Medium	Medium	Component 2 of the action will selectively work with brands showing a genuine openness and willingness to consider their own role in driving change. The action will rely on these partners for access to a critical mass of suppliers for programme implementation. The action will also rely on the experience and ability of the implementing partners to engage with

	processes.			successful companies to improve their transparency and sustainability practices.
5 – Communication and Information	Low or limited existing industry collaboration (very limited number of platforms equivalent to those in the garments and footwear sectors)			Requires implementers (ITC) to focus on initial engagement of stakeholders bringing them together prior to implementing large-scale T&T tools across an industry from the beginning

Lessons Learnt:

Component 1:

- In line with new policy and legislative developments like the proposed Battery Regulation, the CRM Act and the Corporate Sustainability Due Diligence Directive (CS3D), the scope of the minerals covered (so far 3 TGs Tin, Tantalum, Tungsten, Gold) needs to be expanded to cover other minerals. Notably battery-related minerals.
- In order to ensure the sustainability and increase effectiveness of the programme, all stakeholders need to be actively involved, including actors from the government, private sector and civil society. More outreach to producing countries is required.
- Due to the high political priority and the speed of current policy developments in the raw materials sector, the delivery capacity needs to be improved to reflect these recent developments. It should also be considered to establish a pipeline of projects with a focus on the countries where the EU is developing strategic partnerships in line with the efforts undertaken under the CRM Act.

Component 2:

- Industry collaboration on transparency, traceability, and sustainability requires demonstrating a business case for making changes (i.e. a convergence/reduction in audit requirements, opportunities to export to more buyers, and/or new legal requirements for export to markets).
- Sector-wide collaborations requires many years of development. It is critical to include major international brands as they often have the buying power to help drive sustainability in their value chains. Likewise, inclusion of producer/manufacturers associations should be a top priority to ensure their concerns are addressed in any transparency and traceability solution.
- For new sectors without existing stakeholder platforms, more work needs to be done to help bring critical stakeholders together before any implementation of transparency and traceability tools can be done across a sector (and/or pilot value chain mapping development can be done with selected willing brands)
- In cases where there are existing competing industry initiatives, it can be difficult to drive collaboration and convergence. Here, neutral stakeholders, such as UN organisations, can be important interlocutors and liaisons to support sector-wide collaborations.

3.5 The Intervention Logic

The overall objective of this action is to provide greater access for partner countries to global public goods, especially international standards, promote sustainable trade, decent work, labour standards, responsible and gender-responsive business conduct as well as accompanying measures to help partner countries implement due diligence requirements. The specific objectives of this action are to (i) promote responsible sourcing of critical raw materials and the development of sustainable and resilient raw materials value chains fully compliant with current and upcoming due diligence requirements; (ii) promote responsible and gender-responsive business practices in the mineral sector by addressing artisanal and small-scale mining and the wider social, environmental and governance issues that affect the mining sector and that deter private sector investment in partner countries; and (iii) raise awareness, build capacities, and training activities workshops with a gender approach, in key partner countries based on the policy recommendation and standard scheme and blockchain system developed by UN/CEFACT, targeting all stakeholders in the identified value chain sectors to enable implementation, sharing of experience and lessons learned, and to bring in continuous improvement of the sustainability and circularity performance in the identified sectors; and improve understanding and capacity to enhance transparency and traceability along the identified value chain sectors in the ongoing traceability study. Complementarity will be sought with the ongoing SWITCH programmes and other existing programmes notably AL-INVEST, Euroclima, upcoming programmes on Responsible Business Conduct and others. via regular exchanges between implementing partners; by participation of relevant Commission services in the projects annual steering committees; and by including relevant Commission services in the negotiation/contracting phase.

Component 1 of this action will strive to contribute to sustainable, gender-responsive and inclusive economic growth in mineral-rich countries through the development of integrated raw materials value chains and to advance the Green Deal ambition to promote climate-neutral and sustainable economic development. This will be achieved by the following intervention logic. The activities covered by this action include the support for the implementation of relevant due diligence regulations by raising awareness about responsible sourcing practices at mine sites and by capacity building for the implementation of responsible and gender-responsive practices. Companies will be provided with tailored due diligence resources and case studies of their supply chains will be developed. Assuming that private sector stakeholders recognise the importance of due diligence in their supply chains in order to avoid negative social and environmental effects, responsible mining of critical raw materials and due diligence practices of down- and midstream actors improve. The organisation of events, workshops and dedicated exchange platforms will help identify key challenges in the mining sector involving all the different actors along the value chain including women from each sector. Assuming that the private sector and other stakeholders are willing to collaborate to increase effectiveness and coordination of public, private, and multi-stakeholder relevant initiatives, this will ensure linkages between the different stakeholders, thus creating more sustainable, gender-responsive and inclusive supply chains. All of these outputs will contribute to promote responsible sourcing of critical raw materials and to develop sustainable and resilient raw materials value chains fully compliant with current and upcoming due diligence requirements.

Component 2 of the action will strive to build upon sustainability in the garment and footwear value chains and expand them to one or more sectors (possibly those identified in the ongoing traceability study or in the RVC exercise) and continue developing and implementing of an international framework initiative on transparency and traceability of value chains in the identified sectors by (i) improving uptake of gender-responsive social/labour and environmental sustainability initiatives in the selected value chains; (ii) obtaining a proof of concept and move to scale for wider implementation in multiple producing and export countries; (iii) enabling implementation, sharing of experience and lessons learned, and bringing in continuous improvement in the transparency and traceability framework; (iv) informing key stakeholders of the development of a set of 'Principles and Policy Recommendations' along with a 'Call for Action'; (v) identification of business requirements and the business process analysis in close cooperation with the private sector; (vi) maintaining and replicating in one or more sectors as per ongoing traceability study the 'Transparency and Traceability Tool' that leverages the ITC Sustainability Map platform and offers customized, open self-assessment and data sharing solutions and tools for relevant stakeholders (as per ITC's Global Public Goods policies).

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	Provide greater access for partner countries to global public goods, especially international standards, promote sustainable trade, decent work, labour standards responsible and gender-responsive business conduct as well as accompanying measures to help partner countries implement due diligence requirements.	<ol style="list-style-type: none"> 1. Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural) in the conflict affected and high risk areas. 2. Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP. 3. Number of countries and companies with sustainable consumption and production policies or action plans applying the international framework initiative (contributes to SDG Target 12.1, .6, .8). 	<ol style="list-style-type: none"> 1. TBD by latest end 2024 2. TBD by latest end 2024 3. 70 countries and companies with sustainable consumption and production policies action plans applying the UNECE international framework initiative for traceability and transparency & 10,070 countries and factories/supplier showing uptake of sustainable consumption and production policies applying the Transparency and Traceability Tool 	<ol style="list-style-type: none"> 1. TBD by latest end 2024 2. TBD by latest end 2024 3. TBD by latest end 2024 	<ol style="list-style-type: none"> 1. TBD by latest end 2024 2. TBD by latest end 2024 3. Number of countries and companies with sustainable consumption and production policies action plans applying the UNECE international framework initiative for traceability and transparency & Number of countries and factories/supplier showing uptake of sustainable consumption and production policies applying the Transparency and Traceability Tool. 	<i>Not applicable</i>

<p>Outcome 1</p>	<p>Responsible sourcing of critical raw materials is promoted. Sustainable and resilient raw materials value chains are developed and are fully compliant with current and upcoming due diligence requirements.</p>	<p>Percentage of raw materials produced in target areas mined and traded according to EU-Guidelines' standards</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>
<p>Outcome 2</p>	<p>Responsible, gender-responsive and inclusive business practices in the mineral sector by addressing artisanal and small-scale mining and the wider social, environmental and governance issues that affect the mining sector and that deter private sector presence and investment in partner countries are promoted.</p>	<p>Number of formalised miners (by sex) in target areas contributing to local development through taxation, etc.</p> <p>Number of relevant actors (private sector companies, ministries, etc.) influenced to adopt processes to improve women's economic empowerment /to remove barriers to market access for women in a given sector (GAP III indicators)</p> <p>Number of actors who support companies owned by persons with disabilities or employ people with disabilities.</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>
<p>Outcome 3</p>	<p>Awareness raised, capacities built, training activities workshops with an inequality approach, including a gender approach and disability inclusion approach in key partner countries based on the policy recommendation and standard scheme and blockchain system developed by UN/CEFACT, targeting all stakeholders in the identified value chain sectors implemented, sharing of experience and lessons learned, and to bring in continuous improvement of the sustainability and circularity performance in the identified sectors; and improve understanding and capacity to enhance transparency and</p>	<p>Number of countries, companies and other key stakeholders engaging in the multi-stakeholder policy dialogue platform, disaggregated by country, institution, disability and sex – as applicable</p>	<p>215</p>	<p>TBD by latest end 2024</p>	<p>Comprehensive reports from the project call for action & national action plans for sustainable consumption and production in the textile and leather industries</p>	<p>Countries and companies will participate in UNECE- working group meetings, and in the multi-stakeholder policy dialogue platform and will provide information and share good practices in the context of the new framework initiative.</p>

	traceability along the identified value chain sectors in the ongoing traceability study.	Number of countries where companies are trained in applying the new set of policies, standards and guidelines	20	TBD by latest end 2024	Reports from partner countries and companies	Partner countries and companies in all regions will voluntarily adopt, apply and report on the implementation of the new UNECE framework initiative
		Number of producers, suppliers, consumers, and other key stakeholders (disaggregated by sex, income level and place of residence) connected through value chains via the Transparency and Traceability Tool	10,070	TBD by latest end 2024	Internal tracking data from Tool and reports from partner countries and companies	Motivation of private sector partners in implementing transparency and traceability too
		Number of countries in which companies are trained in applying voluntary sustainability standards (VSS), codes of conduct, audit protocols, and other sustainability methods	53	TBD by latest end 2024	Action surveys and reports from partner countries and companies	Commitment of private sector partners and countries to voluntary sustainability standards (VSS) and sustainability trainings

<p>Output 1 relating to Outcome 1</p>	<p>Responsible mining of critical raw materials and due diligence practices of down- and midstream actors improved.</p>	<p>Number of miners/traders (sex disaggregated) who attended training on Responsible Mining, Processing and Trading techniques and practice</p> <p>Number of (down, midstream) actors that perform due diligence according to the OECD Guidance (EPRM members)</p> <p>Number of supply chain actors that completed the self-assessment tool to gain insight in their due diligence practices.</p>	<p>TBD by latest end 2024</p>	<p>All EPRM members that are supply chain actors</p>	<p>EPRM Dash board Due Diligence Check</p> <p>EPRM self-assessment tool</p>	<p>Supply chain actors attend training and show commitment to improving their business practices</p>
<p>Output 2 relating to Outcome 1</p>	<p>Sustainable supply chains were created through exchanges and linkages of different key stakeholders along the raw materials value chain.</p>	<p>Number of stakeholders in the mining sector (sex disaggregated) who attended training on Responsible Mining, Processing and Trading techniques and practice</p> <p>Number of stakeholders in the mining sector (sex and disability disaggregated) who attended workshops on exchange of views and identification of key challenges in the mining sector</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024, at least all EPRM members</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>
<p>Output 1 relating to Outcome 2</p>	<p>Business Environment for ASMs improved based on formalisation and certification of ASM activities .</p>	<p>Number of mines/cooperatives formalized as a direct result of the project. (female/male owned, owned by persons with disabilities, or those which employ persons with disabilities)</p> <p>Number of mines/companies certified under a certification scheme suitable for /in the spirit of the EU-Regulations</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>

<p>Output 2 relating to Outcome 2</p>	<p>Sustainable livelihood within mining communities and beyond improved and negative socio-economic impact of ASM-related activities were mitigated with special attention on women.</p>	<p>Average income of (formal/informal) (female/male) miners in target areas</p> <p>Number of people (female/male, persons with disabilities) formally employed in the mining sector in target areas.</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>
<p>Output 1 relating to Outcome 3</p>	<p>Roll-out of ‘Training and Continuous Improvement’ programme. ‘Transparency and Traceability’ Tool is used by private sector partners in EU-export oriented countries in order to (i) improve uptake of inequality and gender-responsive social/labour and environmental sustainability initiatives in the selected value chains; and (ii) obtain a proof of concept and move to scale for wider implementation in multiple producing and export countries.</p>	<p>Number of e-learnings or training curriculums developed</p> <p>Number of countries in which VSS training curriculum is implemented</p> <p>Number of companies reporting implementation of VSS or other sustainability methods as a result of the action</p> <p>Number of beneficiaries of trainings (disaggregated by sex, income level and disability)</p>	<p>1</p> <p>53</p> <p>77</p> <p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>	<p>Post-training surveys from implementing partners</p>	<p>Private sector and country partners remain committed to sustainability and VSS-related training</p> <p>Relevant stakeholders will attend workshops</p>
<p>Output 2 relating to Outcome 3</p>	<p>‘Training and Awareness Raising’ programme with an inequality approach, including a gender, human rights and disability inclusion approach, based on the Policy Recommendation and Standard Scheme is implemented by UN/CEFACT, targeting all stakeholders in priority sectors for the circular economy, such as, but not limited to the agri-food and critical raw materials sectors, to enable implementation, sharing of experience and lessons learned, and to bring in continuous improvement in the transparency and traceability framework.</p>	<p>Number of beneficiaries of trainings (disaggregated by sex, income level and disability)</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>	<p>TBD by latest end 2024</p>

<p>Output 3 relating to Outcome 3</p>	<p>‘Multi-Stakeholder Policy Dialogue Platform’ on transparency and traceability for priority sectors for the transition to a circular economy such as, but not limited to, the agri-food and critical raw materials sectors, is used by the stakeholders in order to be informed about the development of a set of ‘Principles and Policy Recommendations’ along with a ‘Call for Action’.</p>	<p>Number of government officials, suppliers and stakeholders (disaggregated by sex and disability) participating in the multi-stakeholder policy platform and committing to the collective action to increase transparency and traceability for sustainable textile and leather value chains</p> <p>Number of government policies developed or revised with civil society organisation participation through EU support</p> <p>Number of government policies developed with civil society organisations (CSO) participation through EU support, disaggregated by number of disability CSO</p>	<p>350</p> <p>1</p> <p>56</p>	<p>TBD by latest end 2024</p>	<p>Multi-stakeholder working group convenes twice a year (reports from sessions)</p> <p>Principles and policy recommendations are adopted and disseminated</p> <p>Reports from the global policy dialogue meetings and outcome recommendations and call to action available</p>	<p>Government and suppliers will participate in the multi-stakeholder dialogues and meetings in the context of UNECE - UN/CEFACT sessions.</p>
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<p>Output 4 relating to Outcome 3</p>	<p>‘Transparency and Traceability gender-responsive Standard’ for the priority sectors for the circular economy such as, but not limited to, the agri-food and critical raw materials sectors, along with implementation ‘Guidelines’ involving the identification of business requirements and the business process analysis in close cooperation with the private sector is developed.</p>	<p>Number of suppliers in the garment sector implementing traceability systems in textile and leather value chains, including for health, social and environmental impacts.</p>	<p>6</p>	<p>TBD by latest end 2024</p>	<p>Mapping of traceability requirements available and extended to consumption and post-consumption phases)</p> <p>A set of new standards is available to countries and companies covering the circular dimension.</p> <p>Guidelines available to the stakeholders in the garment industry covering the circular dimension.</p>	<p>A large panel of suppliers in the textile and leather industries (at least 100 actors and their supply chain suppliers/partners in full or in part) will participate in the Action and apply the new standards</p>
<p>Output 5 relating to Outcome 3</p>	<p>‘Transparency and Traceability Tool’ is maintained and replicated in one or more sectors leveraging the ITC Sustainability Map platform and offers customized, open self-assessment and data sharing solutions and tools for relevant stakeholders (as per ITC’s Global Public Goods policies).</p>	<p>Number of sectors to which the ‘Transparency and Traceability Tool’ is replacted to</p>	<p>4</p>	<p>TBD by latest end 2024</p>	<p>Transparency and Traceability Tool; project’s progress reports.</p>	<p>In the framework of the ongoing traceability study up to additional 4 sector are being identified to which the potential for applying transparency and traceability solutions and improving environmental, social and governance (ESG) standards in additional value chains</p>

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 countries.

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 84 months from the date of adoption by the Commission of this Financing Decision.

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

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures²⁷.

4.3.1 Indirect Management with an entrusted entity

Component 1 of this action may be implemented in indirect management with the Rijksdienst voor Ondernemend Nederland (RVO) (Netherlands Enterprise Agency).

This implementation entails the funding of accompanying measures to be implemented in the framework of the Regulation (EU) 2017/821 in the form of projects and programmes outside the EU to stimulate the sustainable development of mining with a focus on conflict and high risks areas and on third countries the EU is developing strategic partnerships with to further develop local industry and communities. The entrusted entity will carry out the following budget-implementation tasks: launching calls for proposals; definition of eligibility, selection and award criteria; evaluation of proposal and award of contracts; concluding and managing contracts, carrying out payments, recovering moneys due etc. The guidelines of the envisaged calls for proposals will be drafted in consultation with Commission services.

The envisaged entity has been selected using the following criteria: Experience in implementing the accompanying measures laid down in the EU Regulation as well as the supporting activities under the strategic partnerships which includes demonstrated knowledge and experience in the extractives sector with a particular focus on ASM, demonstrated knowledge and experience related to implementation of relevant due diligence requirements and other international standards, demonstrated knowledge of private sector development and networking capacities with key stakeholders such as civil society, government and the private sector, demonstrated capacity to launch and oversee calls for proposals, demonstrated capacity in overall project management and monitoring. It is within the scope of EPRM, for which RVO has so far been serving as secretariat, to increase the proportion of responsibly produced minerals from conflict affected and high risks areas and to support the responsible extraction of minerals that contribute to local development.

Taking into account the level of specialization required, the in-depth networking and know-how capacity already developed with the private sector and the civil society actors in preparation of the EU Regulation there is a comparative advantage for the Commission to avoid duplication of work and join the work of a EU Member State agency active in this area.

²⁷ 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.

Furthermore, the participation of the EU in this initiative will have a leverage effects for other (public and private) partners joining the programme and will pave the way in due time for synergies with other stakeholders.

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

Component 2 of this action may be implemented in indirect management with the United Nations Economic Commission for Europe (UNECE) and with the International Trade Centre (ITC).

This implementation entails addressing sustainability in the value chains by continuing to focus on transparency and traceability in garment and footwear industry, through the continuous development of the transparency and traceability platform, and of policy recommendations and technical standards on transparency and traceability. In addition, component 2 will build upon the learnings from the continuing project as well as the results of the ongoing traceability study that aims to identify and analyse the potential for applying transparency and traceability solutions and improving environmental, social and governance (ESG) standards in additional value chains.

The envisaged entities have been selected using the following criteria: This project proposal for addressing sustainability of value chains through transparency and traceability builds on the specialised work of and technical expertise of the International Trade Centre (ITC, an agency of the WTO/UN) as well as in the United Nations Centre for Trade Facilitation and e-Business on traceability of value chains (UN/CEFACT - an intergovernmental body of the UNECE with global membership that develops global UN policies and standards). Regarding UN/CEFACT, its specific and technical expertise is proven as it has already developed a similar framework to design traceability for sustainable trade, along with traceability standards and guidelines for the animal, plant and fish value chains.

Regarding ITC, it is justified because the action has specific characteristics that require the ITC on account of its technical competence and its high degree of specialisation. This implementation entails the updating, maintenance, further development of functionalities and services of market information tools available free of charge and available as public good. This implementation is justified because ITC’s UN mandate is to support the economic development of low income countries through trade by working in particular with the private sector. A main feature of ITC's work in this regard has been supporting decision makers to access freely information about trade opportunities, demand and supply trends, trade performance and competitiveness, market structures, market access conditions, investment data and business contacts. ITC has gained a unique expertise and solid reputation in this area.

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

4.4. Scope of geographical eligibility for procurement and grants

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

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

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR) 2023
Indirect management with an entruster entity – cf. section 4.3.1	5 million

(component 2)	
Specific objective 1 and 2 - Sustainable and inclusive economic growth in mineral-rich countries through the development of integrated raw materials value chains	
Indirect management with an entrusted entity - cf. section 4.3.1 (component 1)	5 million
Specific objective 3 - Sustainability in the garment and footwear value chains and expansion to identified other sectors	
Evaluation – cf. section 5.2 Audit – cf. section 5.3	will be covered by another Decision
Totals	10 million

4.6 Organisational Set-up and Responsibilities

For component 1, the members of EPRM are governments (Netherlands, United Kingdom, Germany, France), companies/industry associations and NGOs. The Governance Board consists of nine representatives from these three constituencies (three members from each pillar). The Board convenes once or twice a year in person and holds calls every six weeks. The EPRM has a permanent secretariat, which is run by the Netherlands Enterprise Agency (RVO). The governance is embedded in a Memorandum of Understanding.

The Board will act as steering committee of the initiative and will provide strategic direction to the use of the funds available to EPRM. The European Commission and the EEAS will consider becoming members of the Board with veto possibility on the use of EU funds. In the meantime the Commission and EEAS will be invited to participate as observers to the work of the board.

EU Delegations will be consulted during the selection procedures on the proposals that are relevant to their competence. The geographical focus will be on countries where the mining sector is affected by significant due diligence risks, in particular in conflict-affected and high risk areas, as well as on countries with whom the EU is engaged in developing strategic partnerships on sustainable raw materials value chains. Particular attention will be given to the networking/coordination/synergies opportunities with those actors active in the field (for instance OECD, IOM, ICGLR, ILO, World Bank, etc.) The action will be implemented in close coordination with EEAS and Commission services active in this area and whenever relevant by developing synergies and close cooperation with the other existing (and forthcoming) EU and international donors and partners.

For component 2, UNECE and ITC will work in close collaboration with project stakeholders (governments, the private sector, NGOs, Academia, Think Tanks, etc.) and other international organisations (OECD, ITC, UN Global Compact, UNEP, ILO), to plan, coordinate, implement and support the various outlined activities. This approach will ensure ownership of the process. It is expected that the principal partners will be governments of countries (or the highest authority) responsible for trade and business issues, public investments and decision making. The project will also engage other institutions and private sector that play major roles in the sustainability of textile, garment and value chains of other identified sectors through the ongoing traceability study (e.g. business associations, chambers of fashion).

The implementing partners for the project will comprise actors currently part of ITC's network of sustainability partners as well as the UN/CEFACT group of experts in traceability. The project will be developed in cooperation with industry platforms such as the Social and Labour Convergence Project and Initiative Clause Sociale (which have already signed Memorandum of Understandings to work with ITC) along with SEDEX and WRAP, among others. Additional technical and academic institutions may be drawn upon such as Sustainable Apparel Coalition, Bocconi University, Danish Fashion Institute, Cittadellarte

FASHION B.E.S.T. The project will also work closely with civil society stakeholders including trade unions throughout the activities to leverage their experiences and expertise as well as to gain their buy-in for the implementation of the project outputs. When relevant, in particular for activities undertaken at local level, the EU Delegations will be involved to ensure appropriate sharing of experience and expertise.

A Steering Committee of the action under Specific Objective 3 will be comprised of representatives from the Commission, UNECE and ITC. The Steering Committee will review progress, gaps and challenges against the expected outputs of the programme to cement the partnership approach and assure transparency and accountability in delivery. Each implementing partner will be requested to present achievements in each session to ensure that the implementation is well anchored and to discuss the partner countries. Specific and regular bi-annual meetings will be held to present and discuss the achievements resulting from the implementation of the programme.

In the context of this project, activities will be jointly coordinated by the ITC Trade for Sustainable Development programme and the UNECE Trade Facilitation Section, according to project tasks as outlined in the project logical framework. Regular monitoring activities will be undertaken during implementation by Programme Officers responsible for delivery of specific outputs and activities. The UNECE Trade Facilitation Section and the ITC Trade for Sustainable Development programme will supervise the planning of respective project activities and ensure the optimal use of resources.

Coherence will be ensured between both implementing partners via regular contacts (for instance ITC will be involved among stakeholders within the UNECE project) and through a joint final evaluation.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

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

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

Roles and responsibilities for data collection, analysis and monitoring: Monitoring and reporting on the indicators of the logframe matrix, including the collection of baselines and data collection will be done through progress and final reports as well as directly in OPSYS via concerned interventions. Implementing partners will collect results data through their own monitoring and reporting and feed that to the Commission through progress and final reports as well as OPSYS. Operational managers in Commission headquarters will ensure monitoring and reporting at project level.

Monitoring and reporting shall assess how the action is considering the principle of gender equality, human rights-based approach, and rights of persons with disabilities including inclusion and diversity. Indicators shall be disaggregated at least by sex.

5.2 Evaluation

Having regard to the nature of the action, a final evaluation may be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the nature of the action itself.

The Commission shall inform the implementing partner at least 30 days 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 may analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

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

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

5.3 Audit and Verifications

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

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

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

In line with the 2022 '[Communicating and Raising EU Visibility: Guidance for External Actions](#)', it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, 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):

Contract level		
<input checked="" type="checkbox"/>	Single Contract 1	Component 1
<input checked="" type="checkbox"/>	Single Contract 2	Component 2