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

**ANNEX**

to the Commission Implementing Decision on the financing of the individual measure in favour of  
Central Asia for 2023 for Prosperity

**Action Document for Prosperity in Central Asia - Enhancing inclusive business environment to  
facilitate investments and international trade along the Trans-Caspian corridor**

**INDIVIDUAL MEASURE**

This document constitutes a work programme within the meaning of Article 110(2) of the Financial Regulation, and an individual measure within the meaning of Article 23(3) of the [NDICI-Global Europe](#) Regulation.

## 1 SYNOPSIS

### 1.1 Action Summary Table

<b>1. Title CRIS/OPSYS business reference Basic Act</b>	<b>Prosperity in Central Asia - Enhancing inclusive business environment to facilitate investments and international trade along the Trans-Caspian corridor</b> OPSYS number: ACT-62274 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
<b>2. Team Europe Initiative</b>	No
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan
<b>4. Programming document</b>	Regional Multiannual Indicative Programme (RMIP) for Asia and the Pacific 2021-2027
<b>5. Link with relevant MIP(s) objectives / expected results</b>	RMIP Priority area: “Regional Integration and cooperation”
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	331 Trade Policies & Regulations 210 Transport & Storage 322 Mineral Resources & Mining
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): 8 - Decent Work and Economic Growth Other significant SDGs (up to 9) and where appropriate, targets: 3, 4, 5, 6, 7, 9, 10, 12, 13, and 16.
<b>8 a) DAC code(s)</b>	33110 Trade policy and administrative management 33120 Trade facilitation

	32130 Small and medium-sized enterprises(SME) development 21010 Transport policy and administrative management 32210 Mineral/mining policy and administrative management 41010 Environmental policy and administrative management				
<b>8 b) Main Delivery Channel</b>	40000 – Multilateral Organisations				
<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance				
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>	
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Inclusion of persons with Disabilities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>	
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
		Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	/	
Connectivity @		<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>

	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	transport	<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): BGUE-B2023-14.020130-C1-INTPA Total estimated cost: EUR 15 400 000			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing <sup>1</sup>	Indirect management with the entities to be selected in accordance with the criteria set out in section 4.2.1.			

## 1.2 Summary of the Action

Under the MIP 2014-2020, the EU has financed a number of regional “prosperity” programmes supporting policy reforms<sup>2</sup>, addressing trade facilitation bottlenecks and assisting SMEs to trade internationally<sup>3</sup>. In addition, the EU provided finance facilities<sup>4</sup> to help SMEs through project (co-)financing and advice. These complementary and mutually reinforcing actions succeeded to promote a series of policy reforms, which already contributed to improve statutory conditions for business in Central Asia (CA). These programmes also offered important visibility opportunities for the EU with different key constituencies, including decision makers, trade associations, SMEs, international development banks, and consumers/citizens.

For example, at macro-level, the follow up work to the first in-person EU-Central Asia Economic Forum, held in 2021, is helping to monitor the progress and steer large-scale reforms (e.g. business climate, connectivity). In between Economic Forum meetings (the second EU-CA Economic Forum took place on 18-19 May 2023 in Almaty), a highly demanded technical assistance has been provided to the governments to accurately implement these policy reforms using the latest international best practices. The Info Trade Central Asia Gateway, a network of interconnected trade portals, is set to become a practical tool for both traders to comply with export/import rules along the Trans-Caspian corridor and for the authorities to eliminate non-tariff barriers, impeding swift trans-border movement of goods. Finally, a series of cutting-edge digital solutions have been launched to stimulate business connections and increase economic ties between the EU and Central Asia (e.g. B2B virtual marketplace, CA trade academies, individual business coaching).

Capitalising on these achievements, the programme will contribute actively to the objectives of the EU Global Gateway Strategy<sup>5</sup> (e.g. enabling environment for local and European investments, improved sourcing of sustainable critical raw materials (CRMs) for EU’s green transition and other objectives of the strategic partnership on raw materials, batteries and renewable hydrogen, support in CA’s green transition). It will direct the EU’s assistance to address ongoing and emerging challenges: the need for further improvement of business environments and mobilisation of investments for the green transition. Besides, opening and efficiency of new trade routes between Central Asia and the EU will depend on the deepening of regional integration, both in terms

<sup>1</sup> Art. 27 NDICI

<sup>2</sup> Central Asia Invest (CAI [4th phase; 4.8M EUR; OECD]): <https://eu-cai.org/>

<sup>3</sup> Ready for Trade (R4T [15M EUR, ITC]): <https://intracen.org/our-work/projects/central-asia-ready4trade-r4tca>

<sup>4</sup> SME Finance facility CA [implemented by EBRD].

<sup>5</sup> [Global Gateway \(europa.eu\)](https://globalgateway.europa.eu)

of infrastructure and harmonisation of regulatory standards. The true value added of the EU assistance will be gained by ensuring closer monitoring/benchmarking of the evolution in the business climate (both legislation and implementation), inspiring and providing practical solutions for regional integration (e.g. through digitalisation), enhancing trade and transport connectivity, cross-border cooperation, and supporting SMEs in addressing challenges to private sector development arising from issues such as climate change, the role of women in the economy, and digitalisation. Complementarity with the EFSD+ pipeline supporting the private sector – both within the framework of the EFSD+ Open Access guarantee scheme and blending operations - will be ensured throughout the action's formulation and implementation.

### 1.3 Zone benefitting from the Action

The Action shall be carried out in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, included in the list of ODA recipients.

## 2 RATIONALE

### 2.1 Context

CA has a population of about 75 million people, living mostly in the south of the region or in large cities. The economy of CA is highly dependent on two volatile growth drivers: exports of raw materials and labour. While export earnings and remittances inflows have been supporting domestic consumption for decades, investments in domestic non-extractive private sector and infrastructure remained limited. As a consequence, sustainable development has been hindered by a low contribution of private sector to growth and job creation. Moreover, weak governance and corrupt structures have negatively impacted the economic development of the region.

The COVID-19 pandemic, China's economic slowdown, and Russia's war of aggression against Ukraine profoundly affected the region: they have undermined longstanding trade relations, redesigned political and economic priorities, and elevated the geopolitical importance of the region. Some countries, such as Uzbekistan and Kazakhstan, have embarked on important reforms. Today, Central Asia emerges as a vital partner for sustainable connectivity, in line with the EU Global Gateway Strategy, notably by offering opportunities to further develop alternative EU-Asia trade routes and the diversification of the supply of raw materials.

The 1<sup>st</sup> in-person EU-Central Asia Economic Forum (Bishkek, November 2021) concluded that the improvement of business climate is an essential element for improving the growth and resilience of Central Asia.

The 2<sup>nd</sup> EU-Central Asia Economic Forum (Almaty, 18-19 May 2023) affirmed that cooperation should focus, among other things, on promoting environmental and social sustainability, green transition, removing trade barriers and promoting inclusiveness, enhancing competitiveness, creating jobs, accelerating integration into regional and global markets, and ensuring a level playing field for businesses. The business-to-business component of the Forum was particularly welcomed in promoting EU-Central Asia business, trade and investment relations.

Announced as a concrete EU deliverable at this high-level Forum, this regional programme will support Central Asian countries in addressing important structural challenges: harmonisation of regulations, standards, and customs at regional level, as well as pursuing of reforms in other areas such as corporate governance, taxation, fair and transparent legal frameworks and bureaucratic complexity. In particular, this programme will contribute to building safe and attractive business and investment environment, facilitating green and digital transitions, and enhancing trade and connectivity.

### 2.2 Problem Analysis

The initiative will build on the lessons learned (see section 3.4) and results of the EU funded projects: Ready for Trade Central Asia<sup>6</sup>, Central Asia Invest IV phase (policy component)<sup>7</sup> as well as of the project on Trade Facilitation in Central Asia implemented by GIZ on behalf of the Federal Ministry for Economic Cooperation and

<sup>6</sup> <https://intracen.org/our-work/projects/central-asia-ready4trade-r4tca>

<sup>7</sup> <https://eu-cai.org/>

Development (BMZ) of Germany. The EU will ensure through regular meetings coordination among all implementing partners dealing with projects on business development and trade facilitation in Central Asia so as to ensure synergies, maximise the impact of the action and avoid duplication of activities.

### **1. Advancing the connectivity agenda of Central Asia through enhancing the Trans-Caspian corridor and internationalising Central Asian businesses**

Geopolitical tensions have disorganised traditional land routes across the Eurasian continent causing delays for businesses, inflating freight prices, and disrupting supply chains. In this context, CA countries have demonstrated a renewed commitment towards regional cooperation and coordination in the area of trade and transport to mitigate the impact of a deteriorating economic environment. The new geopolitical situation has generated challenges but also opportunities with the relocation of companies and qualified professionals. As a result, the reinvigoration of the Trans-Caspian corridor has emerged as a priority to diversify CA routes to the EU and global markets and enhance the region's connectivity.

The EU is the main trading partner for the region, accounting for 23.6% of their combined foreign trade in 2021. According to preliminary data for 2022, imports of goods from Central Asia (CA) to the EU continued to increase (+67%) and exports from the EU to CA also grew (+77%). The EU is also the biggest investor in Central Asia, as over 40% of the cumulated investment in the region originates from the EU. Kazakhstan, Kyrgyzstan and Tajikistan are WTO members, Uzbekistan and Turkmenistan are acceding countries, with Turkmenistan having received the status as late as in February 2022. Three out of the five Central Asian countries benefit from favourable access to the EU market via the GSP mechanism.

The 2<sup>nd</sup> EU-CA Economic Forum put a great emphasis on the opportunities triggered by the Trans-Caspian corridor to enhance intra-regional trade in Central Asia and EU-Central Asia trade and connectivity. It highlighted that, while long term investments in hard infrastructures may be required, the priority should be to maximise the use of existing transport and logistics infrastructures by reducing the complexity of trade and customs operations. Compared to other corridors, the Trans-Caspian corridor is still relatively time-intensive and expensive. Administrative burden and corruption at the borders are reported amongst serious impediments to trade within the region. The Forum's discussions allowed public and private stakeholders to delineate strategic orientations to establish the Trans-Caspian corridor as an attractive and sustainable land link between CA and the European Union: in addition to transport infrastructure issues, which are not addressed by this action, it highlighted the need accelerate the digitalisation of trade and transport documents, deepen cross-border cooperation of customs and border agencies to decrease the administrative burdens along the supply chain, foster the coordinated implementation of trade facilitation reforms, facilitate investments in transport and infrastructure development, and, finally, build the capacity of the private sector to ensure that actual trade along these new strategic routes is taking place. These priorities were emphasised by the EU-financed EBRD study on "Sustainable Transport Connections between Europe and Central Asia" which was presented at the Economic Forum and published at the end of June 2023 <sup>8</sup>.

In this context, and capitalising on the achievement of ongoing reforms at national and regional level, there is a good opportunity to advance the Central Asia connectivity agenda through increasing the operational efficiency and economic attractiveness of the strategic Trans-Caspian corridor and the internationalisation of CA businesses, contributing prominently to implement the EU Global Gateway Strategy. In parallel, it is timely and necessary to enhance the business climate in CA countries to attract trade and investment on strategic Trans-Caspian corridor, improve cross-border coordination across CA countries to foster business connectivity and support private sector to trade internationally, in particular through strategic Trans-Caspian corridor. Further progress on harmonisation of regulations and standards will also facilitate green transition and sustainable development in Central Asia.

### **2. Promoting high-level political engagement (e.g. through biannual EU-Central Asia Economic Fora), and independent analysis of the economic and business climate and support modernisation and reform of economies**

<sup>8</sup>[https://transport.ec.europa.eu/transport-themes/international-relations/study-sustainable-transport-connections-central-asia\\_en](https://transport.ec.europa.eu/transport-themes/international-relations/study-sustainable-transport-connections-central-asia_en)

The fragile post-COVID recovery in Central Asia has left growth subdued and fiscal margins reduced. Against this backdrop, the effects of Russia's full-scale invasion of Ukraine were expected to have a rapid negative economic impact on Central Asia, whose economies remain closely integrated with its large neighbour. However, contrary to predictions, GDP has continued to grow across the region in 2022 as the main engines of growth, commodity export prices and labour remittances, have been on the rise.

If the trade channel has remained relatively robust so far, Central Asia's close ties with Russia leave the region vulnerable to economic risks: increased uncertainty might reduce investment attractiveness, while global financial market developments might weigh negatively on public finances.

The current situation offers an opportunity to Central Asian countries, as vital partners for the EU Global Gateway Strategy, to address long-term reform needs and diversify further its economy and economic relations, beyond Russia and China. Doing so will require Central Asian countries to further reform their business environments, improve connectivity, enhance digitalisation, and get mobilised for the green transition. This will not only require the opening up of new trade routes, but also, and more immediately, advancement of regional economic integration.

### **3. Increased cooperation on CRMs between the EU and relevant Central Asian countries**

Central Asia has a strong potential to become an important global player in the production of CRMs, including rare earth elements, lithium, and cobalt. The CRMs are essential for a wide range of strategic sectors including the net zero industry, the digital industry, aerospace, and defence sectors. Different technologies require different CRM inputs and few if any countries in the world can meet their demand using only domestic resources. Therefore, a stronger international cooperation is needed to boost global production, diversify the sustainable supply of CRMs, promote a value chain approach i.e. in country added value creation, resource efficiency and circular economy, and develop integrated value chains.

In November 2022, the EU and Kazakhstan signed a Memorandum of Understanding on a strategic partnership in the field of sustainable raw materials, batteries and renewable hydrogen value chains. This initiative is aimed at boosting cooperation between industrial stakeholders to identify and fulfil joint investment projects, as well as cooperation on geological exploration, research and innovation, the formation of skills, or on capacity building. The EU and Uzbekistan are currently exploring the potential for establishing similar closer cooperation. The participants of the 2<sup>nd</sup> EU-Central Asia Economic Forum in May 2023 agreed to explore the possibility of cooperation on critical raw materials as a part of the efforts to enhance trade and connectivity.

The United Nations Framework Classification for Resources (UNFC), approved by the UNECE Committee on Sustainable Energy, is an international scheme for the classification, management, and reporting of energy, mineral, and raw material resources. UNFC can be useful to help countries improve their resource management practices and promote sustainable development. The data obtained through the Extractive Industries Transparency Initiative (EITI) implementation could provide a useful basis for the classification system UNFC.

The present political drive for sustainable resource management in Central Asia should contribute to a strengthened technical cooperation for sustainable resource management between the EU and CA, including environmental standards, market access, investment, trade, and transport aspects.

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

*Ministries of Trade (of Economy or Commerce).* These Ministries will play a critical role in ensuring a "whole-of-the-government" approach towards improving trade conditions at domestic levels (i.e. driving trade related reforms) and facilitating collaboration among CA countries by supporting the adoption of relevant regional / bilateral cooperation frameworks. The Action will build the institutional capacity of these ministries to advance the connectivity agenda and to enhance the operational efficiency and economic attractiveness of the strategic Trans-Caspian corridor. Where relevant and applicable, the Action will work in close collaboration with National



Trade Facilitation Committees given their mandate to facilitate the coordination and implementation of cross-border reforms through institutionalized public-private dialogues.

*Ministries of Transport/Infrastructure/Industry/Geology.* While not responsible for trade and / or customs issues, these Ministries are in the lead for the EU-Central Asia transport connectivity agenda. The Action will need to involve representatives of these Ministries in order to co-ordinate with the developing soft and hard infrastructure measures along the Trans-Caspian corridor. The Ministry of Industry in Kazakhstan and the Ministry of Geology in Uzbekistan are also the main counterparts on Critical Raw Materials.

*Ministries of Digital Development/Technology.* Digitalization of trade and transport documents and services is one of the key priorities set forward by the European Union and Central Asia governments to improve the region's connectivity. Ministries in charge of digitalization will thus be instrumental in promoting the relevant regulatory frameworks and digital standards across the region. The Action will provide support to these institutions to help them create proper conditions for data-exchange and system interoperability at domestic, bilateral and regional levels.

*Customs Administrations.* Being the leading agencies at border crossings, Customs Administrations play a pivotal role in reducing the complexity of trade operations along strategic Trans-Caspian corridor. The Action will thus support Customs Administrations in creating a conducive border environment for businesses through digitalization of trade formalities, implementation of trade facilitation mechanisms and deepened intra-regional cooperation for data exchange and mutual recognition of controls and inspections.

*Non-customs border regulatory agencies.* While Customs play a leading role in the administration of borders, the efficiency of trade operations is premised on a coordinated efforts of all agencies involved in the import, export and transit of goods. As a result, the Action will aid non-customs border regulatory agencies (sanitary, phytosanitary, veterinary, transport...) to digitalize their formalities and simplify their procedures to reduce the administrative burden imposed on traders.

*Chambers of Commerce.* In Central Asia, Chambers of Commerce are responsible for the issuance of certificates of origin, one of the key documentary requirements of trade operations. The Action will support these institutions in introducing fully paperless certificates of origin services and promoting the cross-border exchange of electronic documents. The Action will also build the institutional capacity of Chambers of Commerce to provide additional services to the trading community to help business internationalize their operations.

*Sectoral associations and other business support organisations.* National and regional associations of customs brokers, logistics providers and/or transporters, but also national and regional women business associations, are pivotal institutions in ensuring that business perspective is factored in the design and implementation of reforms along strategic Trans-Caspian corridor. They are also instrumental in supporting MSMEs to trade internationally as well as in multiplying the Action's support thus ensuring its sustainability. The Action will build the capacity of these institutions to advocate for private sector priorities in national and regional forums, facilitate the exchange of international and regional best-practices and provide quality business support services to exporters, in particular MSMEs.

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The Overall Objective of this action is to support the implementation of the connectivity agenda in Central Asia linked to the Trans-Caspian corridor, and enhance the cooperation in the area of critical raw materials in Central Asia.

The Specific Objectives of this action are to:

**Specific Objective (SO) 1:**

Advance the EU-Central Asia connectivity agenda through increasing the operational efficiency of the Trans-Caspian corridor and internationalisation of CA business

**Specific Objective (SO) 2:**

Improve the policy framework for sustainable economic growth, including green transition, in Central Asia by assessing, monitoring and providing support to the implementation of competitiveness policy reforms, while stimulating high-level policy dialogue.

**Specific Objective (SO) 3:**

Increase cooperation and trade on CRMs between the EU and relevant Central Asian countries, namely Kazakhstan and Uzbekistan, and increase the resilience of raw material and battery supply chains.

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

**Contributing to Specific Objective 1: Advance CA connectivity agenda through enhancing the strategic Trans-Caspian corridor and internationalisation of CA business**

- Output 1.1. Enhanced business climate in CA to attract trade and sustainable investment on strategic Trans-Caspian corridor
- Output 1.2. Improved cross-border coordination and interoperability across CA countries to foster business connectivity along the strategic Trans-Caspian corridor
- Output 1.3. Improved MSMEs competitiveness to enhance their access to regional and EU markets, including through the Trans-Caspian corridor

**Contributing to Specific Objective 2: Improve the policy framework for sustainable economic growth, including green transition, in Central Asia by assessing, monitoring and providing support to the implementation of competitiveness policy reforms, while stimulating high-level policy dialogue**

- Output 2.1. Regional assessments and support on cross-cutting competitiveness issues in the region carried out (e.g. the role of women in the private sector, the role of the informal economy, etc.)
- Output 2.2. Country-specific assessments and support (peer-reviews) on selected competitiveness issues (such as business climate and private sector development, connectivity, digitalisation, greening the private sector) are carried out.
- Output 2.3. High-level events supporting policy dialogue and disseminating regional and country-specific assessments are organised.

**Contributing to Specific Objective 3:**

- Output 3.1. Latest best practices and sustainable technologies for exploration, extraction, refining and processing are introduced.
- Output 3.2. CRMs' exploration, extraction and processing, harmonised with international and EU environmental, social and good governance standards and resource classifications (UNFC) thus enabling the mutual recognition of the quality of products notably in Kazakhstan and Uzbekistan.
- Output 3.3. Joint EU-CA projects in the area of raw materials and batteries are identified, verified and Realised, and the transportation of relevant goods and products along the Trans-Caspian Corridor is accelerated.



## 3.2 Indicative Activities

### Activities relating to Output 1.1

- Improve transparency and efficiency of door-to-door procedures along the Trans-Caspian routes, leveraging the CA Gateway
- Enhance trade facilitation frameworks to reduce the cost (including “hidden costs” linked to corruption, bribery, etc.) and complexity of trade operations
- Advance digitalisation of trade and transport formalities in CA countries and enhancing paperless cross-border trade to ease business operations along strategic Trans-Caspian corridor
- Ease conditions for investments in priority sectors in Central Asian countries, including an environment for Private-Public Partnerships.

### Activities relating to Output 1.2

- Increase cooperation of CA countries to further harmonize trade and transport reforms
- Strengthen bilateral and/or regional legal and regulatory frameworks for border coordination in line with WTO’s Trade Facilitation Agreement
- Improve cross-border coordination, data exchange and digital interoperability to reduce administrative burdens on economic operators
- Pilot initiatives to advance the operationalization of a multi-modal digital transport corridor along the Trans-Caspian routes

### Activities relating to Output 1.3

- Raise awareness of and provide capacity building to MSMEs, including women entrepreneurs, to improve their managerial, operational and production efficiency as well as to ensure compliance with cross-border trade formalities and the requirements such as the EU Carbon Border Adjustment Mechanism (CBAM) and other relevant EU standards to promote green transition in Central Asia.
- Enhance the five Central Asian Trade Academies developed by the Ready4Trade project by expanding their thematic and geographic coverage (including through instructor-led workshops)
- Identify business opportunities and create market linkages for MSMEs from selected value chains to expand sales in the EU and Central Asian markets
- Increase MSME participation in digital trade through enhanced capacities as well as improved ecosystems and regulatory frameworks

### Activities relating to Output 2.1

- Organisation of public-private workshops in Central Asia countries (on-line or in-person) to collect evidence and discuss the initial results
- Collecting data via questionnaires and/or interviews (on-line or in-person)
- Drafting of analysis and recommendations
- Producing and disseminating region-wide publications

### Activities relating to Output 2.2

- Organisation of public-private workshops in the country that is assessed, to collect data, discuss and refine the findings
- Collecting data via surveys/questionnaires and/or interviews (on-line or in-person)
- Drafting of analysis and recommendations
- Producing and disseminating country-specific publications
- Organisation of implementation-support country-specific seminars based on the recommendations (on-line or in-person)

### Activities relating to Output 2.3

- Analytical support to the organisation of the 3rd and 4th EU-Central Asia Economic Forums: drafting of background documents, suggesting speakers and liaising with them, producing a summary report, advising on the organisational aspects by drawing lessons from previous events
- Organisation of ministerial events on the Central Asia region to discuss at high-level the regional and country-specific assessments

#### Activities relating to Output 3.1

- Organisation of capacity building activities to facilitate the introduction of relevant international classification framework(s),
- Carry out an assessment and provide recommendations to ensure crisis preparedness, prevent CRM shortages, and supply chain disruptions including along the Trans-Caspian corridor.

#### Activities relating to Output 3.2

- Organisation of capacity building activities to inform about and promote EU and international environmental, social, and good governance standards, including on labour rights.
- Development of legislative proposals (primary and secondary legislation) in the above areas with a view to approximate EU and international standards and practices
- Support the implementation of the Extractive Industries Transparency Initiative (EITI) Standard and best practices in CA
- Carry out an analysis and provide recommendations regarding market access in the area of CRM, including public auctioning, equal treatment of foreign (private) investors, access to international banking and insurance systems.

#### Activities relating to Output 3.3.

- Support to business facilitation activities between EU and CA companies.
- Provide support to the identification and materialisation of joint projects along the respected value chains, including carry out technical feasibility assessments of selected CRM investment proposals, including in cooperation with (EU) IFIs.

### 3.3 Mainstreaming

Environmental sustainability will be built into the action by e.g. reducing the environmental impact of infrastructure development and extraction of CRMs; promoting resource-efficient and circular practices in the industry; development and use of environmental policy solutions for SME greening, supporting governments to put in place intelligent labour markets and skills policies to allow a transferability of skills for emerging/potential green jobs and those used in traditional carbon-intensive sectors, greening industry SMEs.

Gender equality and promotion of women entrepreneurship will also be embedded across all activities, including integrating gender-centric enhancements to regulatory and policy frameworks, access to finance and provision of capacity development support. The action will also contribute to decrease inequalities both between countries (by putting more efforts on improving the business climate of the most fragile countries in Central Asia) and within countries by focusing on the most vulnerable.

Digitalisation and digital connectivity will be at the heart of the programme and will be a guarantee of success of this action. Not only digitalisation will reduce the environment footprint, but it will also would accelerate trade procedures and documents exchange at the regional level (certificate of origin, customs declaration, quality certificates and declarations), support the interconnection of CA single windows, and respond to CA requirements to have a region-wide system optimising the flows of trucks.

The action will also support the exchange of best practices and development of gender sensitive institutional reforms in Customs Administrations, Ministries of Trade and other relevant stakeholders based on recommendations of gender-responsive trade facilitation trainings (i.e. code of conduct, equal professional opportunities for growth to men and women, establishing gender focal points, organising women staff networks, etc).

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

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

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

**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 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 the action will also support the exchange of best practices and development of gender sensitive institutional reforms in Customs Administrations, Ministries of Trade and other relevant stakeholders based on recommendations of gender-responsive trade facilitation trainings (i.e. code of conduct, equal professional opportunities for growth to men and women, establishing gender focal points, organising women staff networks, etc). Gender equality and promotion of women entrepreneurship will also be embedded across all activities, including integrating gender-centric enhancements to regulatory and policy frameworks, access to finance and provision of capacity development support.

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### **Human Rights**

The action is built on the experience, acquired during the implementation of the ongoing trade and investment related programmes in Central Asia (see above), which were consistently aimed at promoting *inclusive* business environment and trade in Central Asia, as well as participation, non-discrimination, equality, transparency, and accountability. This is why, as a horizontal issue, this action will continue to systematically and consistently promote the respect of human rights, including the rights of women, vulnerable groups of society, and labour rights. The design and planning of various activities (whether addressing public administration or private sector) will be done in line with the human rights based approach (HRBA). Besides, a continuous and proactive assessment will be carried out to evaluate the impact and to measure risks on human rights with a gender perspective for potentially affected communities. If needed real-time adjustment to the working programme will be done to address and/or mitigate these risks. This monitoring will be ensured throughout the whole duration of the programme thanks to a systematic involvement in the actions' activities of civil society representatives (e.g. independent trade unions, women organisations) and international partners active in Central Asia (e.g. International Labor Organisation, UN Women, Save the Children, UNICEF, etc).

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### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the action, will pay a particular attention to ensure that beneficiary countries eliminate barriers to full social and economic inclusion of people with disabilities and that these people can fully benefit from the opportunities offered by the action.

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### **Reduction of inequalities**

The action is designed with the objective to help promoting economic growth while reducing inequalities. The action will contribute to decrease inequalities both between countries (by putting more efforts on improving the business climate of the most fragile countries in Central Asia) and within countries by focusing on the most vulnerable groups of citizens.

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### **Democracy**

The action will use economic integration, trade and investment facilitation to promote democratic reforms in the area of good governance, justice for all, and inclusiveness. Civil society, including independent trade unions, associations of cooperatives, youth organisations, women associations, of the 5 Central Asian countries will play a prominent role in the action's implementation through continuous monitoring and reporting on effective implementation of policy reforms at local level. Consultations with Civil Society Organisations in Central Asia

took already place on the occasion of the Fourth EU-CA Civil Society Forum in Tashkent on 10 March 2023. In addition, coordination and consultation with the upcoming EU-CA regional Civil Society platform will be sought.

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

Improvement of business climate is an essential tool for improving the growth and resilience of Central Asia. The action will monitor the evolution of business climate in Central Asia and steer the process of reforms both within individual beneficiary countries and between them.

#### **Disaster Risk Reduction**

Trade has a key role to play in building resilience. By focusing on the SMEs, the action will create enabling conditions for them to play an increasing role in the economies of the CA countries. As such they also could contribute to the governments' efforts to reduce disaster risk in line with the Sendai Framework for Disaster Risk Reduction.

### 3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External environment	Global and regional geopolitical instability	Medium	High	Constant monitoring to evaluate the political and security risks in the region and globally, and decide on possible adjustments/corrective measures
External environment	Lack of political support of the governments to advance on reforms	Medium	Medium	Close interaction with relevant government bodies, including through Steering Committee, missions, frequent online interactions, engagement with diplomatic representations of beneficiary countries in Europe, etc. which will ensure the alignment of the action with the government interests
External environment	Significant change in public policy priorities because of unforeseen geopolitical developments	Medium	Medium	Continuous engagement with the Central Asian governments and business stakeholders
External environment	Incapacity of the local administration to implement trade facilitation measures	Medium	Medium	Continuous interaction with stakeholders at all levels (central governments, local administration, business partners) and rigorous monitoring/benchmarking of the progress
External environment	Lack of commitment among private sector (MSMEs) in view of more difficult	Medium	High	The action will raise awareness of CA private sector about the benefits of getting ready to invest and trade. Furthermore, the action will assist the selected MSMEs to

	investment conditions, trade procedures and quality requirements			comply with key EU procedures and requirements
External environment	Lack of data for the various assessments	Medium	Low	Data will be to the extent possible triangulated using national statistics offices, reports, workshops inputs, development partners and government stakeholders.

### **Lessons Learnt:**

Establish trust-based relationships with Customs and other border regulatory agencies. Introducing reforms in cross-border operations requires steady and continuous engagement of Customs Administration and other border regulatory agencies at all levels of seniority. Without strong political ownership of the reforms and ground-level support for implementation, resistance to change may undermine the impact of these reforms on the business community. The action shall put an emphasis on setting up trusted relationship with Customs and other agencies to ensure institutions' buy-in to the connectivity agenda. Lessons from previous actions show that these trusted relationships are premised on continuous dialogue, technical soundness, and clear understanding of Governments priorities for border reforms.

Leverage regional best-practices. Identifying and showcasing regional best-practices in cross-border operations is a key success factor to promote a coordinated and harmonized trading environment along strategic Trans-Caspian corridor. As a matter of fact, regional best practices are more likely to be considered by CA partners given the similarities of the countries legal, regulatory, and procedural environment. In addition, the adoption by several CA countries of similar tools / methodology contributes to the creation of a consistent and predictable trading environment for businesses.

Digitalisation reforms must start at national level before being regionalized. The introduction of paperless formalities in each CA country (including through the implementation of electronic single windows) is a pre-requisite to cross-border data exchange and/or recognition of electronic documents. However, it is critical that national digitalization reforms abide with international digital standards (e.g. WCO data model) to ensure the interoperability of automated systems across CA countries.

Adopt a bottom-up approach to spurring regional cooperation. CA countries have different levels of advancement of their legal, regulatory, and procedural frameworks for cross border trade, calling for a differentiated approach to implementation of regional reforms. To address the specific challenges and needs of each country, the action must prioritize identification of synergies and discrepancies in the existing national frameworks before scaling up activities at the regional level to stimulate harmonization, interoperability, data exchange and improved coordination. It is also important to adopt a two-tiered approach that fosters cooperation both at the technical /expert level, to facilitate co-construction of regional reforms as well as at the political/decision-making level, to ensure the political buy-in and endorsement of coordination efforts for cross-border reforms and trade facilitation.

Extra-regional cooperation is a key factor in advancing sustainable connectivity in CA. There is demand and opportunity to enhance collaboration with neighbouring countries (in particular Azerbaijan, Georgia and Türkiye) to facilitate cross-border data exchange, improve coordination and streamline procedural and regulatory requirements. To improve business operations along strategic Trans-Caspian corridor, the action must leverage upon these opportunities and promote experience sharing, cross-learning and information exchange with key trading partners in the neighbouring regions.

Promote local ownership and institutional capacity building for sustainable impact. Implementation activities should be anchored in local institution that are able to foster local resilience, engagement and self-reliance of the initiative even beyond the action life span. This not only increases the chances of action's success but also ensures that its outcomes align with the specific needs and context of the country, promotes a sense of responsibility and long-term

commitment. Additionally, this approach requires institutional capacity building, enabling local organizations to drive further development and address future challenges independently.

Adopt an agile and flexible approach to ensure implementation activities are tailored to the needs and aligned with the priorities of the project countries. Customization of national and regional activities to maximize their relevance and effectiveness involves active engagement with key stakeholders to understand their strategic priorities and requirements but also to enable co-creation of targeted solutions

On-line meetings and events are a good complement, not a substitute, for in-person meetings or events. Fact-finding interviews and intermediaries events can easily be held on-line instead that in-person. This allows to reduce Co2 footprint, while gaining efficiency. Key events such as launch event or kick-off events should however take place in person;

Countries of the region have displayed growing appetite for regional analysis linked to thematic topics, such as the pandemic or the Russia's war. External shocks such as the Russia's war or the pandemic have led the countries of the region to raise their interest for regional analysis revolving around a cross-cutting theme; they appreciated the data collected from OECD countries, the best practices shared, and the forward-looking approach in terms of recommendations;

Surveying the private sector. Stakeholders have shown increased interest in private sector surveys (bottom up approach) to complement the legal and regulatory analysis (top down), when doing a country-specific assessment; as much as possible, these should go hand-in-hand.

### 3.5 The Intervention Logic

The underlying intervention logic for this action is that in order to improve business climate, enhance competitiveness and inclusive business environment in Central Asia to facilitate investments, regional trade flows and international trade along Trans-Caspian corridor between EU and Central Asia, it is necessary to focus on the following strategic components:

1. **High-level political engagement** should be maintained to pursue policy reforms in Central Asia. It could be achieved through e.g. continuing supporting the organisation of biannual high-level meetings of the EU-Central Asia Economic Forum, as well as other relevant regional initiatives, aimed at ensuring an improved cross-border coordination and interoperability across CA countries to foster business connectivity along the strategic Trans-Caspian corridor;

2. **Regular independent monitoring/benchmarking of reforms, policy recommendations, and practical assistance** to governments to implement policy recommendations/reforms/ strategies, including those stimulating the participation of women, youth, and vulnerable categories of the population in business and international trade;

3. **Cooperation on CRM** by promoting best practices for resource classification and mapping, and the modernisation of mining and refining processes and technologies through the introduction of new sustainable technologies; harmonisation of CRM exploration and production with international and European environmental, social and good governance standards, thus enabling the mutual recognition of the quality of products notably in Kazakhstan and Uzbekistan, and the promotion of investments;

4. **Trade and investment facilitation:** addressing cross-border challenges, which currently impede swift operations at the micro-level (e.g. introduction of electronic certificate of origin, mutual recognition of documents, reduction of administrative burden and time spent at border crossings);

5. **Support to private sector** (SMEs, including women led) to overcome the complexity of international trade procedures; enhance gender equality in the region by promoting gender responsive policy reforms and supporting women's led enterprises.



The intervention logic is based on the assumption that stakeholders at all levels will be committed to reform and to improve the way they are operating.

### 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.

<b>Results</b>	<b>Results chain: Main expected results (maximum 10)</b>	<b>Indicators: (at least one indicator per expected result)</b>	<b>Baselines: (values as of 2023)</b>	<b>Targets: (values as of 2023)</b>	<b>Sources of data:</b>	<b>Assumptions</b>
<b>Impact</b>	To support the implementation of the connectivity agenda in Central Asia linked to the Trans-Caspian corridor, and enhance the cooperation in the area of critical raw materials in Central Asia	1. Trans-Caspian corridor is faster, cheaper and predictable	1. up to 60 days, average price	1. max 14 days, average price decrease at least by 50%	1. Industry data, independent assessment, official statistics.	<i>Not applicable</i>
		2. Secure and sustainable supply of CRM from Kazakhstan and Uzbekistan to the EU	2. Volume of export to EU	2. Increase by 30%	2. Official statistics	
<b>Outcome 1</b>	1. EU-Central Asia connectivity agenda is advanced through increased operational efficiency and economic attractiveness of the Trans-Caspian corridor and internationalisation of CA business	1.1. CA countries are cooperating at regional level to ease cross-border trade and transit	1.1. OECD Trade Facilitation Indicators, latest data available as of 2023	1.1. Improvement of trade facilitation performance	1.1. OECD Trade Facilitation Indicators	Policy makers, decision makers are supporting investment and trade liberalisation and private sector involvement in policy making process.
		1.2. CA countries are trading more within the region and with the EU	1.2. Official trade statistics as of 2023	1.2. Increase of volume of trade by at least 10%	1.2. Official statistics	
<b>Outcome 2</b>	2. Improved policy framework for sustainable economic growth, including green transition in Central Asia by assessing, monitoring and providing support to the implementation of competitiveness policy reforms, while stimulating high-level policy dialogue	2. Policy makers of the region display an increased awareness and understanding of the policy issues and recommendations addressed in the course of the project	2. Assessment at inception	2. Independently assessed and validated improvement	2. Media reports, government documents, summaries of the various events organised in the course of the project	
<b>Outcome 3</b>	3. Cooperation and trade on sustainable CRMs is increased between the EU and relevant Central Asian countries, namely Kazakhstan and Uzbekistan; resilience of raw material and battery supply chains is increased.	3. Non-sensitive market information is available and adequate conditions are created for investment and trade in CRM between Kazakhstan and Uzbekistan, on the one hand, and the EU on the other hand.	3. Minimal if any information sharing, inadequate market and investment access.	3. Sensible improvement of information sharing and investment/market access conditions	3. Official reports, independent assessment	

Output 1  relating to Outcome 1	1.1. Business climate is enhanced in CA to attract trade and investment on strategic Trans-Caspian corridor	1.1. World Bank’s Ease of doing business score, Logistics Performance Index	1.1. Most recent year for which data is available	1.1. Increase	1.1. World Bank’s Ease of doing business score, WB “Logistics Performance Index	Policy makers, decision makers are supporting trade liberalisation and private sector involvement in policy making process.  CA companies retain access to appropriate support services (logistics, marketing, etc) available in these countries.  Willingness of private sector to trade internationally
		1.1.2. World Bank PPP legal resource center	1.1.2. Most recent year for which data is available	1.1.2. Increase of the number of a total number of projects for all 5 CA countries	1.1.2. World Bank PPP legal resource center	
Output 2  relating to Outcome 1	1.2. Cross-border coordination and interoperability across CA countries is improved to foster business connectivity along the strategic Trans-Caspian corridor	1.2.1. eTIR adopted and implemented in at least 4 CA countries	1.2.1. 0	1.2.1. at least 4 countries	Independent assessment, project reports	
		1.2.2. e-CMR adopted and implemented	1.2.2. 0	1.2.2. at least 4 countries		
		1.2.3. Enforcement and harmonization of weight/dimension standards	1.2.3. 1	1.2.3. at least 3 countries		
		1.2.4. Harmonisation of cargo insurance and storage safety	1.2.4. 0	1.2.4. at least 4 countries		
		1.2.5. Corruption at border crossings is decreasing	1.2.5.latest data at the inception	1.2.5. increase of ranking of at least 4 CA countries	Transparency International Corruption Perception index	
Output 3  relating to Outcome 1	1.3. MSMEs competitiveness to enhance their access to regional and EU markets, including through the Trans-Caspian corridor	1.3.1. Number of supported MSMEs reporting improved access to regional and EU markets	1.3.1. 0	1.3.1. 100 (including 40% for women)	Survey undertaken by the implementing partner(s)	
		1.3.2.Number of MSMEs, including women-led, conducting cross-border trade, including e-commerce	1.3.2. 0	1.3.2. 100 (including 40% for women)		
Output 1  relating to Outcome 2	2.1 Regional assessments and support on cross-cutting competitiveness issues in the region carried out (e.g. the role of women in the private sector, the role of the informal economy, etc.)	2.1. Policy makers of the region have displayed an increased awareness and understanding of the policy issues, recommendations	Assessment at inception	Independently assessed and validated improvement	Media reports, government documents, summaries of the various events	Policy makers, decision makers continue to be

		and implementation challenges addressed in the <u>regional</u> assessments			organised in the course of the project, independent reporting by international organisations (e.g. ILO)	engaged in the reform process
<b>Output 2</b> <b>relating to Outcome 2</b>	2.2 Country-specific assessments and support (peer-reviews) on selected competitiveness issues (such as business climate and private sector development, connectivity, digitalisation, greening the private sector) are carried out	2.2.1 Policy makers of the region have displayed an increased awareness and understanding of the policy issues, recommendations and implementation challenges addressed in the <u>country-specific</u> assessments 2.2.2. Impact of trade on decent work conditions, incl. social dialogue, workers representations, working poverty rates				
<b>Output 3</b> <b>relating to Outcome 2</b>	2.3. High-level events supporting policy dialogue and disseminating regional and country-specific assessments are organised	2.3. Policy makers of the region have displayed an increased awareness and understanding of the policy issues, recommendations and implementation challenges addressed in the high-level events				
<b>Output 1</b> <b>relating to Outcome 3</b>	3.1 Latest best practices and sustainable technologies for CRM exploration, extraction, refining, processing and recycling are introduced	3.1.1. Kazakhstan and Uzbekistan effectively apply latest best practices and sustainable technologies	3.1.1. 0	3.1.1. 2	Independent assessment, project reports.	
<b>Output 2</b> <b>relating to Outcome 3</b>	3.2 CRMs' exploration and production harmonised with international and EU environmental, social, and good governance standards, thus enabling the mutual recognition of the quality of products notably in Kazakhstan and Uzbekistan	3.2.1. Relevant international natural resource classifications (e.g. UN Framework Classification for Resources) and EU standards are effectively implemented in at least one CA country	3.2.1. 0	3.2.1. 1		

<b>Output 3 relating to Outcome 3</b>	3.3. Joint EU-CA projects in the area of raw materials and batteries value chains are identified, further developed and the transportation of relevant goods and products along the Trans-Caspian Corridor is accelerated.	3.3.1. Number of joint projects	3.3.1. 0	3.3.1. at least 5 in Kazakhstan and 1 in Uzbekistan		
		3.3.2. Trade volume	3.3.2. Official data for 2023	3.3.2. Increase by at least 15%	3.3.2. Official statistics	



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

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

### 4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.<sup>9</sup>

#### 4.3.1 Indirect Management with an entrusted entity

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

For the implementation of Specific Objectives 1, 2 and 3:

- Recognised experience of working in Central Asia, supporting policy reforms in areas related to sustainable economic growth/green transition, at both country-specific and regional levels and
- Impartial, global and inclusive approach towards establishing cooperation priorities, policy recommendations and multi-country expertise provision and
- Capacity to use an independent peer review mechanism to exchange good practices in an impartial manner and in an international environment and
- Experience in organisation of top level political events and/or business fora in Central Asia and
- Established physical presence in all or most of the Central Asian countries (expertise, project management, communication, etc).

In addition, for the implementation of Specific Objective 1:

- In-house and readily available multi-sectoral (i.a. agriculture, textiles, manufacturing, services) expertise in the areas of trade and investment facilitation, as well as in the areas of transport and/or logistics and
- Private sector engagement, and experience of supporting MSMEs to trade internationally though e.g. individual coaching, mobilising business services to exporters, supporting local businesses' capacities, improving value chains, and facilitating trade partnerships (including e-commerce and women and youth-led enterprises) and

For the implementation of Specific Objective 3:

<sup>9</sup> [www.sanctionsmap.eu](http://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.

- In-house and readily available expertise in the area of critical raw materials.

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

The preferred implementation modality is indirect management. If the implementation modality in indirect management cannot be implemented due to circumstances outside of the Commission's control, a direct management modality could be used in the form of a grant to public bodies, and/or NGOs, and/or non-pillar assessed international organisations.

#### 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 subject to the following provisions.

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

#### 4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
<b>Specific Objective (SO) 1</b> – Advance CA connectivity agenda through enhanced effectiveness of the strategic Trans-Caspian corridor and internationalisation of CA business [Indirect management with pillar assessed entity]	10 000 000
<b>Specific Objective (SO) 2</b> - Improve the policy framework for sustainable economic growth, including green transition, in Central Asia by assessing, monitoring and providing support to the implementation of competitiveness policy reforms, while stimulating high-level policy dialogue [Indirect management with pillar assessed entity]	2 400 000
<b>Specific Objective (SO) 3</b> - Increase cooperation on CRMs between the EU and relevant Central Asian countries, namely Kazakhstan and Uzbekistan [Indirect management with pillar assessed entity]	3 000 000
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	Will be covered by another Decision
<b>Totals</b>	15 400 000

#### 4.6. Organisational Set-up and Responsibilities

The implementing partners will be responsible for project management, organisation of annual project steering committee meetings (including the Commission and representatives of the beneficiary countries) to provide strategic guidance and ensure overall coordination and coherence of activities, monitor deliverables, and drafting reports. The Commission will be directly involved in the monitoring and steering of the action.

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

## 5 PERFORMANCE MEASUREMENT

### 5.1 Monitoring and Reporting

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

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

Roles and responsibilities for data collection, analysis and monitoring: the implementing partners will fully coordinate and monitor the activities on a country-by-country basis, and report to the European commission in an aggregated and regular basis.

### 5.2 Evaluation

Having regard to the importance of the action, a mid-term evaluation(s) may be carried out for this action or its components via independent consultants contracted by the Commission or via an implementing partner.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to possible adjustments/reorientation of the project, if necessary. The final will be carried out for accountability and learning purposes at various levels (including for policy revision).

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 shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

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

### 5.3 Audit and Verifications

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

## 6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

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

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

## Appendix 1 REPORTING IN OPSYS

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

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

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

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

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

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

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

<b>Action level (i.e. Budget Support, blending)</b>		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action
<b>Contract level</b>		
<input type="checkbox"/>	Single Contract 1	Advancing the connectivity agenda of Central Asia through enhanced effectiveness of the Trans-Caspian corridor and internationalisation of Central Asian businesses (EUR 10 000 000)
<input type="checkbox"/>	Single Contract 2	Promoting high-level political engagement (e.g. through biannual EU-Central Asia Economic Fora), and independent analysis of the economic and business climate and support modernisation and reform of economies (EUR 2 400 000)
<input type="checkbox"/>	Single Contract 3	Increased cooperation on critical raw materials (CRMs) between the EU and relevant Central Asian countries (EUR 3 000 000)