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ANNEX

to the Commission Implementing Decision on the financing of the top-up and extending the implementation period of Commission Implementing Decision C(2020) 7917 final of 12 November 2020 on the financing of the annual action programme for 2020 - part II – in favour of the Latin American region to be financed from the general budget of the Union

Action Document for EU-Latin America Alliance for Sustainable Growth and Jobs

ANNUAL

This document constitutes the annual 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.

This Annex amends and repeals the Annex to Decision C(2020)7917.

Amendment under NDICI:

This document is amending the Annex of the “Commission Implementing Decision C(2020)7917 final of 12 November 2020 on the financing of annual action programme for 2020 – part II”. Since the amendment does not entail changes to the substance, objectives or remit of the Commission Implementing Decision C(2020)7917, and to ensure continuity and appropriate context, major parts of the original action document of AL-INVEST Verde have not been changed.

The principal modification is the increase of the budget of EUR 4.7 million (see point 12. Amount concerned) and the extension of the duration of the programme up to an additional 14 months to implement meaningful projects related to sustainable deforestation-free value chains. Where applicable, specific reference is made to what aspects of this Action Document the Amendment addresses or changes. This is signalled throughout the document.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	EU – Latin America Alliance for Sustainable Growth and Jobs – AL-INVEST Verde [OPSYS/CRIS] number: ACT-62287 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	NO <i>NB: AL-INVEST Verde also establishes synergies with or complements the existing TEIs e.g., Gran Chaco, 5 Bosques de Mesoamerica, Amazon+ on initiatives related to deforestation and/or sustainable value chains.</i>

3. Zone benefiting from the action	Latin America
4. Programming document	<p>Multiannual Regional Indicative Programme for Latin America for the period 2014-2020 (RIP)¹, and</p> <p><u>Amendment under NDICI:</u></p> <p>Regional multi annual indicative programme 2021–2027 for the Americas and the Caribbean (RMIP-LAC)².</p>
5. Link with relevant MIP(s) objectives / expected results	<p>This Action is contributing to Sectors 3 (Inclusive and sustainable growth for human development) and 4 (Environmental Sustainability and Climate Change) of the RMIP-LAC 2014-2020 and the following specific objectives:</p> <p>Sector 3: Inclusive and sustainable growth for human development</p> <ul style="list-style-type: none"> - Improve the policy framework for business, trade, and investment, promote economic diversification, sustainable use of natural resources, and low-emission and improve integration of national economies into regional and international markets with a focus on micro, small and medium-size enterprises (MSMEs). - Increase the competitiveness of the private sector and the proportion of economic actors in the formal economy, particularly for MSMEs, increasing job opportunities and decent work, including in environment-related sectors to increase social cohesion. - Promote low-emission, climate resilient and environmentally sustainable investments. <p>Sector 4: Environmental Sustainability and Climate Change</p> <ul style="list-style-type: none"> - Foster exchange and cooperation on environmental and climate change-related challenges to promote sustainable management of natural resources and ecosystems and integrate sustainable development policies at national and local level. - Strengthen regional networks to create knowledge and to share experience, through inter alia, peer learning and exchanges of best practices. - Reinforce the capacity of LA countries to mitigate and adapt to climate change in particular by seeking to reduce the vulnerability to climate stress and improving disaster risk management. <p><u>Amendment under NDICI:</u></p> <p>With the amendment covered under NDICI-Global Europe there is also linkages to those priorities. The RMIP-LAC 2021 identifies 5 priority areas: 1) Green Transition; 2) Digital transformation and innovation including space; 3) Sustainable and inclusive economy; 4) Democratic Governance, Security and Migration; and 5) Social cohesion and addressing inequalities.</p> <p>This amendment is contributing to the specific objective in priority area 3. It has strong complementarities with priority areas 1 and 2 and also aims to create synergies with priority areas 4 and 5.</p>

¹ Commission Implementing Decision C(2014) 5544 of 7.8.2014 adopting a Multiannual Indicative Programme for Latin America for the period 2014-2020.

² [mip-2021-c2021-9356-americas-caribbean-annex_en.pdf \(europa.eu\)](#)

PRIORITY AREAS AND SECTOR INFORMATION				
6. Priority Area(s), sectors	Sustainable and inclusive economy development, business and human rights, sustainable value chains, market access support, intellectual property.			
7. Sustainable Development Goals (SDGs)	Main SDG: SDG 8: Decent work and Economic Growth Other significant SDG(s): SDG 12: Responsible Consumption and Production, SDG 13: Climate Action, SDG 9: Industry, Innovation and Infrastructure, SDG 7: Affordable and Clean Energy, SDG 5: Achieve gender equality and empower all women and girls.			
8 a) DAC code(s)	32130 - SME Development 32120 - Industrial development 33130 - Regional Trade Agreement 41010 - Environmental policy and administrative management			
8 b) Main Delivery Channel	10000 - Public sector institutions			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health education and research	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities3 @	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	BUDGET INFORMATION			
12. Amounts concerned	Amendment under NDICI: EUR 33 000 000 – were already allocated by Commission Implementing Decision C(2020)7917 final of 12 November 2020 Top-up: C5 credits = EUR 4 700 000 Total estimated cost: EUR 45 233 714 Total amount of EU budget contribution EUR 37 700 000 (EUR 33 000 000 approved in 2020 + EUR 4 700 000 top-up)			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing⁴	Project Modality Direct management through:			

³ For more information, please consult: The European Commission inequality marker - Publications Office of the EU (europa.eu) and Inequality Marker – Complementary Guidelines Application of the I-Marker to SSC fiches and Action Documents | Capacity4dev (europa.eu)

⁴ Art. 27 NDICI

	- Grants Indirect management through: - Member State organisation - EU specialised agency
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1.2 Summary of the Action

The overall objective of the AL-INVEST Verde programme is to promote Sustainable Growth and Jobs Creation through supporting the transition towards a low-carbon, resource-efficient and a more circular economy, as well as to promote the Green Agenda in Latin America. The programme is composed of three Components. Component 1 is implemented by a consortium of seven institutions led by SEQUA, German development organisation. Component 2 is implemented by a consortium of two EU Member States' agencies composed of FIIAPP (Fundación Internacional y para Iberoamérica de Administración y Políticas Públicas, Spain), and IILA (Organizzazione Internazionale Italo-Latino Americana, Italy). Component 3 is implemented under the leadership of the European Union Intellectual Property Office (EUIPO).

At this stage of implementation of the programme it is clear that the budget allocation for Components 2 and 3 is not sufficient taking account of current needs and actions to be developed and implemented in relation to the green transition, in particular in relation to the European Green Deal. Therefore, the proposed addendum aims to add EUR 4.7 million for Components 2 and 3 of the AL-INVEST Verde Programme, and to extend by up to 14 months the implementation period of the "Commission Implementing Decision C(2020) 7917 of 12 November 2020 on the financing of the annual action programme for 2020 – part II – in favour of the Latin American region to be financed from the general budget of the Union". From the top-up of EUR 4.7 million, EUR 3.7 million would be added to Indirect management with a Member State Organisation under Specific Objective 2 Policy support; and EUR 1 million to Indirect management with an EU specialised agency under Specific Objective 3 Intellectual property.

Amendment under NDICI:

This Amendment aims at:

- extending the implementation period for the second call for proposals of Component 1 "Innovative partnership projects for the green transition of SMEs" that would allow more efficient and more meaningful project proposals, particularly for traceability systems and sustainable deforestation-free value chains which need an implementation time frame of at least 18 to 21 months;
- expanding actions under Component 2 Technical assistance for the public sector, in particular in relation to the EU Deforestation Regulation⁵, for example policy support and traceability systems for deforestation-free value chains such as: ViSeC Argentina – countrywide traceability platform for soy, beef and leather; ViSeC Paraguay – countrywide soy traceability platform; possible extension of Selo Verde or similar platforms to other states of Brazil. The main focus of the action will be on Mercosur countries, but coffee and cacao deforestation-free supply chains for Colombia, Ecuador and Peru will also be considered;
- expand actions under Component 3 Intellectual property rights to provide incentives for environmentally friendly and eco-responsible practices by adding value to local sustainable deforestation-free value chains in form of mentorships on geographical indications (GIs), denominations of origin (DOs), trademarks/collective trademarks, and activities linked to the development of green technologies (e.g. promotion of patents, protection of trade secrets), in alignment with the programme objectives of promoting sustainable growth and mitigating

⁵ [EUR-Lex - 32023R1115 - EN - EUR-Lex \(europa.eu\)](#)

deforestation.

Thus, this addendum would in principle allow to address the implications of the EU Regulation 2023/1115 of the European Parliament and of the Council of 31 May 2023 on making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (Deforestation Regulation). The Regulation will enter into full application on 30 December 2024.

The Deforestation Regulation has strong geopolitical implications. Close cooperation with partner countries is of paramount importance to support a just and inclusive transition towards deforestation-free and legal supply chains and to ensure the fulfilment of the objectives of the Regulation. Within its budget, to-date projects and technical assistance under AL-INVEST Verde programme have been addressing needed cooperation with partner countries to adapt sustainable value chains of the commodities covered by the Deforestation Regulation to prepare for its entry into force. Examples are: EU-Brazil Technical Dialogues on traceability and sustainability of beef and leather value chains; technical dialogues on Coffee and Sustainability covering Colombia, Ecuador, Peru and Brazil; implementation of the “Selo Verde platform in the State of Minas Gerais” for sustainable deforestation-free value chains on coffee, soy, beef and leather; technical assistance to the Government of Colombia in the transition towards the sustainability of Colombian agro-industrial exports; support and strengthening of national laboratories for certification in Argentina; strengthening the Santa Fe beef value chain in Argentina; regional study on beef and leather traceability systems in Mercosur countries.

Moreover, gender equality, inclusivity and human rights protection are at the core of the EU frameworks and strategies. Hence, the Global Gateway commits to ensure that the benefits of investment are accessible in a fair and equitable manner. In this spirit, we will ensure that projects and investments are inclusive, especially in terms of gender equality”.⁶ Furthermore, the EU GAP III⁶ emphasises the need to address green and digital transition from a gender, HRBA and intersectionality approach to leave no one behind, particularly marginalized groups such as people with disability, and indigenous people. This action is aligned with both these EU GAP III key thematic areas: “Addressing challenges and harnessing the opportunities offered by the green transition and the digital transformation” and “Promoting economic and social rights and empowering girls and women”.

1.3 Zone

Eligible institutions are non-profit organisations from the EU and Latin American countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and/or Venezuela.

2 RATIONALE

2.1 Context

In the early 2000s, the countries of Latin America enjoyed strong economic growth and macro-economic stability. This impressive economic progress, in large part due to exports of natural resources from a region rich in biodiversity, significantly reduced poverty (from 44.5% in 2002 to 27.8% in 2014 and facilitated the emergence of a substantial middle-class (over 60 million have joined the middle-classes since 2004, which now makes up 1/3 of the population).

However, the limitations of an economic model overly focused on the export of raw materials and agricultural commodities, prevalent in many countries, are becoming increasingly evident. Dragged down by the faltering economies of Brazil, Argentina and Venezuela, the region has been experiencing economic deceleration for the past years, with negative or no-growth in 2015-2019. The region is expected to suffer significant decrease in economic activity because of the COVID-19

⁶ [join-2020-17-final_en.pdf \(europa.eu\)](#)

pandemic.

A number of structural weaknesses may impede higher, more inclusive economic growth in the coming years. These include lack of diversification, need for more sustainable use of natural resources such as forests, difficult access to innovation, limited job creation, bottlenecks as regards systems for skills and training, and the lack of competitiveness and informality affecting many Micro, Small and Medium-Sized Enterprises (MSMEs) in the region, and the need for open markets and an investment-conducive environment.

Amendment under NDICI:

Women represent a significant source of economic growth and poverty reduction in LAC. Yet, despite rising levels of education, only 52% of women in the region were employed in 2020, compared to 75% of men. This is explained by the fact that women tend to take more responsibility for care activities, which hinders their opportunities to integrate and succeed in the labour market⁷.

Data from the 2023 Gender Scorecards highlights the persistent gender disparities in terms of: participation of women and girls in STEM fields (science, technology, engineering, mathematics, and computer science), women's school-to-work transition, gender-based violence, quality of employment, female entrepreneurship and access to productive assets, and time spent on unpaid household work. Women are, on average, more likely than men to engage in vulnerable employment (own account and contributing family workers) except for some countries in the Caribbean, which are less productive and lower paid. They are less likely to own a financial account and to participate in business ownership. Compared to men, women in LAC countries are as high as 17 percentage points more likely to have vulnerable jobs and as high as 20 percentage points less prone to have a bank account. Furthermore, the pandemic negatively affected these patterns. Many new jobs created after the COVID-19 crisis, especially for women, are informal⁸. – end of NDICI Amendment.

Reconciling environmental sustainability with economic growth is a major challenge in Latin America. The concentration in material and resource-intensive sectors is leading towards an environmentally and economically unsustainable dynamic, depleting the natural resources on which it is based. The necessary transition to a low-carbon economy requires significant, future-oriented investments. Low carbon production models are likely to be more efficient, to facilitate the access environmentally sensitive markets such as that of the EU and also to help the development of sustainable local development.

These challenges are exacerbated by unplanned growth of urban areas (currently home to 80% of the region's population), inequality, and the particularly high vulnerability to climate change and environmental degradation of rural areas (where a third of the poor population of the continent lives). At the same time, Latin America offers many opportunities and some countries have already expressed interest in low-emission, climate resilient and environmentally sustainable investment, for example in the areas of renewable energy and energy efficiency.

In tackling these challenges, digital technologies and the digital sector have a key role to play, as they are changing the face of industry worldwide and the way to do business. They create new business models, allow industry to be more productive, provide workers with new skills and support the decarbonisation of the economy by sourcing innovative clean technology solutions. In this context, although access to digital platforms has made a whole range of previously unimaginable

⁷ OECD Series on Gender Equality: Towards a Better Sharing of Paid and Unpaid Work in LAC, <https://www.oecd.org/latin-america/regional-programme/gender/#:~:text=OECD%20Series%20on%20Gender%20Equality,compared%20to%2075%25%20of%20men.>

⁸ Change is possible, but progress remains stagnant in addressing gender gaps, March 2023, <https://blogs.worldbank.org/latinamerica/progress-remains-stagnant-addressing-gender-gaps.>

services available to the countries and inhabitants of Latin America, digital technology is still developed exogenously⁹.

As the COVID-19 outbreak unfolded in early 2020, it becomes clear that the Latin American economy will be severely affected. Although several countries in Latin America have a rough history of adverse economic shocks, the COVID-19 epidemic introduces a new type of economic scenario. The containment measures amount to an unparalleled supply shock which, coupled with the large decrease in external demand, may force many firms out of business and layoff their workers as they are unable to sell their goods and services, but they still have to face fixed costs, which in turn will reduce domestic demand.

The economic impact of the epidemic is forecasted to be considerable. A recent report by the World Bank¹⁰, while acknowledging the difficulties in making economic forecasts in these circumstances, estimates that growth figures will be negative in every single country in 2020 and should recover gradually in 2021. The significant decline in gross domestic product (GDP) will have an adverse impact on labour markets, which ELCAC projects could push up unemployment rates by at least 3.4 percentage points to 11.5% in 2020, equivalent to more than 11.5 million new unemployed¹¹.

ECLAC estimates that if COVID-19 leads to a 5% income loss of the economically active population, 15.9 million more people could fall into extreme poverty, which would affect a total of 83.4 million people in 2020¹² in the region. In this dire context, public authorities need not only to take emergency measures to stop the virus, provide relief to the most vulnerable and to support firms but also to address vigorously the path for recovery.

Amendment under NDICI:

On 31 May 2023 the EU adopted the Regulation (EU) 2023/1115 of the European Parliament and of the Council on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (Deforestation Regulation).¹³ The Regulation will enter into full application on 30 December 2024. The EU Deforestation Regulation is part of the EU Green Deal and a broader EU strategy to protect the world's forests. It closely relates to the actions brought forth by the EU Timber Regulation and by the Forest Law Enforcement, Government and Trade (FLEGT) Regulation.

The Deforestation Regulation is a bold regulatory action to address deforestation in line with the European Green Deal, which aims to ensure that economic growth is decoupled from natural resources use. With the Regulation, the EU has also fully taken the responsibility for its actions by **minimising consumption of products coming from supply chains associated with deforestation or forest degradation in the EU.**

The Regulation responds to the need to step up action to fight deforestation and forest degradation at global level. Deforestation and forest degradation are among the most important environmental challenges of our times. The United Nations Food and Agriculture Organization (FAO) estimates that 420 million hectares of forest, an area larger than the European Union, were lost to deforestation between 1990 and 2020. According to the estimations of the Intergovernmental Panel on Climate

⁹ “The EU and LAC: Convergent and sustainable strategies in the current global environment” (ECLAC, 2018)

¹⁰ Semi-annual report of the Latin America and Caribbean Region – The Economy in the Time of COVID-19, April 2020 – World Bank

¹¹ Employment Situation in Latin America and the Caribbean, May 2020 – ECLAC/ILO

¹² “How to prevent the COVID-19 crisis from turning into a food crisis”, June 2020 – ECLAC/FAO

¹³ [EUR-Lex - 32023R1115 - EN - EUR-Lex \(europa.eu\)](#)

Change (IPCC), 23% of the total man-made greenhouse gas emissions (2007-2016) come from agriculture, forestry, and other land uses¹⁴. At the same time, the growing world population is expected to increase the demand for agricultural land and put additional pressure on forests.

Article 30 of the Deforestation Regulation requires that “*the Commission on behalf of the Union, and interested Member States, shall engage in a coordinated approach with producer countries and parts thereof, concerned by the Regulation, in particular those identified as high-risk, via the use of existing and future partnerships, and other relevant cooperation mechanisms to jointly address the root causes of deforestation and forest degradation*”.¹⁵

The LA region is highly relevant in this regard, as some LA countries are amongst the top exporters to the EU for many of the commodities covered by the Regulation. In this line, the Joint Communication to the European Parliament and the Council JOIN(2023) 17 final of 7 June 2023 on A New Agenda for Relations between the EU and Latin America and the Caribbean lays down that “*the attention to the sustainability agenda between the EU and LAC should also jointly address the impact of EU legislation, in particular related to the European Green Deal (deforestation policy, the Carbon Border Adjustment Mechanism and other instruments promoting the green transition)*” and calls for action to “*strengthen actions in relation to digital transition and cooperation on early warning and monitoring systems for forest degradation/deforestation and wildfires*”.¹⁶

2.2 Problem Analysis

Latin America is faced with new dynamics, such as the need to respond to the demands of a digital and integrated global economy, the pressure to safeguard the environment and to promote growth while ensuring fair social outcomes. The challenge is also to ensure the continuation of a long-term trend of democratic consolidation and sustainable development. The EU, with its model of regional economic integration and connectivity, can be an important partner of Latin America in tackling those challenges.

The unprecedented nature and scale of the COVID-19 crisis certainly demands a commensurate short-term response in order to assist the segments of the society who will be most affected by the enormous sanitary, social and economic consequences. However, a long-term recovery agenda and vision is also strongly needed with sustainable jobs and growth at the centre of it.

Since 2000, the LAC region has lost ground in high technology manufactures and services exports and its participation as a source of foreign value added in world exports remains negligible. Trade integration also remains low: only 16% of total LAC exports is destined for the regional market, well below intra-regional trade of other major trading blocks.

The regional economic slow-down, combined with adverse external factors, is stimulating **Latin American countries economic interest in Europe**. The EU is well placed to respond; it is the top investor in Latin America, with investments concentrated in strategic areas like renewable energies and telecommunications and has a network of free trade agreements across the region.

The programme is an opportunity to address both the consumption and the production sides to influence the behaviour of enterprises (and supply chains) in Latin America, throughout the product lifecycle from design to manufacturing, and from distribution to use and end-of-life management.

In the current linear economy model, economies depend on inputs from natural resources. In many sectors the production of goods is particularly resource intensive. Industrial processes need to be modernised and adapted to best practices available to decouple economic activity from environmental pressure and negative impacts.

¹⁴ About 11% of the overall CO₂ emissions are from forestry and other land use, mostly deforestation, while the remaining 12% are direct emissions from agricultural production such as livestock and fertilisers.

¹⁵ [EUR-Lex - 32023R1115 - EN - EUR-Lex \(europa.eu\)](#)

¹⁶ [JOIN 2023 17 1 EN ACT \(europa.eu\)](#)

Circularity is an essential part of a wider transformation of industry, and it can deliver substantial material savings and generate extra value in production systems. Accelerating the transition to a circular economy must involve stakeholders through-out the value chains as well as the public sector as policy maker. It will open up new businesses and job opportunities, supported by key enablers such as digital technologies and substantial investments. Digitalisation offers new opportunities to the private sector to optimise material handling and circularity.

Amendment under NDICI:

The addendum is **an opportunity** to assure continuity and expand actions taken and developed under the AL-INVEST Verde programme, particularly **to address the implications of the Deforestation Regulation and advance in its implementation** by preparing targeted value chains in key partner countries for its full entry into force on 30 December 2024.

Key EU and LA stakeholders are public institutions, private sector (including MSMEs and sector associations) and organisations responsible for policies that can contribute to improve a sustainable and inclusive economic development and recovery, **based inter-alia on gender responsive and inclusive approach**.

Component 1 – Innovation and green transition of MSMEs basing on a gender responsive and inclusive approach.

- Business Support Organisations and industry leaders in EU and LA for the benefit of MSMEs;
- LA partner governments / export promotion agencies.

Component 2 – Technical assistance to the public sector

- Relevant Ministries and offices in LA;
- EU and LA Business Organisations, private and public sectors entities involved with different value chains development, circular economy and traceability both upstream and downstream.

Component 3 – Intellectual Property rights

- For the intellectual property rights: EUIPO, IP offices of the Member States, EU regional IP attaché, IP offices of LA countries and relevant ministries and offices for industrial development and law enforcement.

Horizontal aspects applicable for the three pillars

- Civil society and local authorities have a key role to play in the multi-stakeholder approach that is implemented by the AL-INVEST Verde Programme. To foster a sustainable and inclusive economic development and recovery, engagement with civil society and local authorities is quintessential as per UN and OECD standards. Consultation and inclusion of local communities, indigenous peoples, and minorities, as well as addressing gendered entrepreneurship, is imperative for due diligence efforts by business to be conducive. The EU is a frontrunner in institutionalising the participation of civil society actors in trade agreements and joint civil society meetings. Our action will seek to foster adoption at sub-national and sectoral level to ensure centralised policy directives reach local **duty bearers and right holders**.
- From the EU side, several Commission services and the EEAS will be closely involved in the consultations of the wider actions. Moreover, a strong linkage will be made with the work and demands of various EU Delegations in LA. The Copernicus Centres in Panama and Chile and the Copernicus Relays and Academy members in the region will be associated when necessary. The final beneficiaries of the Action are: the inhabitants of LA countries and its civil society; public sector in LA, non-profit organisations in LA including MSMEs; and, through support to the implementation of association/trade agreements, the European Union private sector.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

Taking into account that this Addendum aims at a non-substantial modification and is focused to provide funds for the implementation of envisaged actions with the aim to assure continuity, **the overall objectives of this action remain unchanged.** The **overall objective** of the programme is to promote Sustainable Growth and Jobs creation supporting **the transition towards a low-carbon, resource-efficient and a more circular economy in Latin America.**

The programme will therefore continue seeking to promote economic inclusive growth while preventing the environmental degradation and, in the long term, contributing to poverty reduction, gender equality and women's empowerment and well-being of those people living in the most vulnerable situations in the region.

The Specific Objectives of this action are:

1. SMEs in Latin America adopt less polluting and more resource efficient products, processes, and services while more sustainable consumption patterns are adopted by consumers.
2. Enabling trade and sustainable economic policy and regulatory frameworks, consistent with international instruments referenced in Trade and Sustainable Development Chapters of the EU Trade Agreements are in place in partner countries.
3. **Enhanced use and effectiveness of** Intellectual Property Rights (IPR), particularly in Mercosur countries, consistent with EU trade policy and WTO commitments.

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

- 1.1.contributing to Specific Objective 1: Enhanced capacity of the beneficiaries of the innovative projects to apply and disseminate sustainable economic practices.
- 1.2.contributing to Specific Objective 1: Improved access to European know-how and investment opportunities.
- 2.1.contributing to Specific Objective 2: Enhanced capacity of national government to formulate and implement sustainable policies, in particular related to core environmental, labour standards **and gender balance**, which could be instrumental to help partner countries adhere to principles set out in the Trade and Sustainable Development chapters included in the Free Trade Agreements with the EU.
- 2.2.contributing to Specific Objective 2: The policy dialogue on sustainable economic practices is enhanced at regional level.
- 3.1.contributing to Specific Objective 3: Strengthened capacity of national and regional IP institutions and networks, in particular Mercosur, for more efficient and user-friendly IP protection and enforcement systems.
- 3.2.Contributing to Specific Objective 3: Strengthened the capacities and knowledge of the productive sector, civil society, IP practitioners, *academia* and, in particular, the technological and scientific local communities on the importance and value of IP protection (including GIs) particularly in Mercosur countries.

3.2 Indicative Activities

In order to attain the results mentioned above, the following indicative activities are proposed to be continued:

Activities relating to Output 1.1

- **The programme will provide financial support, through a Grant Scheme, to innovative projects testing new approaches on sustainable economic practices, including where relevant the introduction of digitalised processes.** The scheme will target mainly MSMEs business organisations and industrial clusters, research centres and universities, willing to test and adopt cleaner and more sustainable production processes and improve the sustainability of their products or services.

Each proposal should be submitted by a partnership which has to include at least one organisation from a Member State of the European Union and at least one organisation from a Latin American country where the action is to be implemented. This will provide a means to increase sustainable technical expertise, share of lessons learned, share Best Available Techniques (BAT) and ensure the EU added value into programme's activities.

The proposals will need to put forward concrete types of actions to ensure an effective replication and outreach towards a large number of SMEs taking into account the country and sector-specific characteristics.

Projects should address economic sectors which present a **substantial potential to produce bankable projects** and be made for one of the geographical sub-regions described before. Multi-country proposals will be allowed as long as they include only countries belonging to the geographical sub-regions.

The innovative projects shall promote sustainable economic practices along the project cycle phase, such as inter alia:

- **Design phase:** use of eco-innovation and eco-design approaches supported by new technologies; etc.
- **Production phase:** introduction of resource efficiency practices (e.g., energy, water, etc.); reduction of CO₂ emissions; industrial waste prevention/ minimisation/ reduction and management; promotion of circular economy and 3R practices (reduce, reuse, recycle approach) and business models; promotion of responsible business practices to change corporate policies benefitting the environment; compliance to EU and ISO standards for products, industrial processes, and services; etc.
- **Logistics and distribution phase:** lowering CO₂ emissions in the distribution of products and services to retailers and consumers and uptake of new business models based on renting goods.
- **Consumption and end-of-life management:** Adoption of schemes of Extended Producer Responsibility (EPR); increase consumers awareness (promotion of recycling practices, information on traceability and carbon footprint of products); etc.

The programme will promote the use of digital technologies as an enabler for sustainable development and will focus on sectors across the region with good opportunities for advancing sustainable practices and where knowledge can be quantified and replicated. Sub sectors will be defined in consultation with the national ministries in target countries, with EU Delegations and, when adequate, with relevant stakeholders. These sectors are connected to the key priorities of the EU Green Deal.

In this sense, the programme may consider (but not exclusively) the following sectors: (i) sustainable use/management of natural resources and biodiversity, (ii) promotion of fight against deforestation and forest degradation and deforestation-free agriculture, (iii) agri-food, including organic farming sustainable use of pesticides and promotion of bio economy, (iv) industrial sectors such as Plastics Textiles and leather, (v) buildings and construction. Special attention will be given as well to the areas of water and waste management and, in view of its importance in the demographics of the region, the area of smart cities must be also taken into

account.

Activities relating to Output 1.2

- Dissemination at the proper level of the experience and insights provided by the innovative projects, combined with entrepreneurial encounters and B2B events as a means to identify, develop and implement investment opportunities and promote commercial European-Latin American alliances.

Activities relating to Output 2.1

- Demand driven support for the formulation and implementation of new sustainable development policies and legislation. If requested and justified, the support may also address other aspects of commercial policy not strictly included in the domain of Trade and Sustainable Development but necessary for the country in the context of the ongoing negotiation of the Association Agreements.
- Improve capacity, knowledge and skills of the line ministries and technical government agencies to promote sustainable development and on the application of Sustainable Production related tools such as Life Cycle Assessment, Eco-labelling, etc.
- Support ministries from target countries (on demand) in creating economic and social incentives to foster the implementation of Sustainable Production.
- Support efforts towards a supportive private sector policy framework for sustainable food production, processing and distribution as sustainably management of natural resources, with a focus on forest preservation.

Activities relating to Output 2.2

- Support the organisation of the national dialogues in the target countries and, if pertinent, at sub-regional level and regional level.
- Show-case European experience and share relevant EU know-how and provide support to apply sustainable development legal frameworks and practises on the local and regional context.

Activities relating to Output 3.1

- Demand driven support to IPR policy and harmonisation, by improving networks and tools and strengthening the capacity building of national and regional IP institutions.

Activities relating to Output 3.2

- Actions of awareness raising addressed to other stakeholders (SMEs, civil society, technological community, etc.) on IPR issues, including GIs.
- Dialogue mechanisms and networking events supporting the interactions among relevant stakeholders and policy makers.
- The evidence provided by innovative projects is meant also to contribute to the **policy and regulatory dialogue** with national governments and, ultimately, to support their transition to a more sustainable economy.

Amendment under NDICI:

The above-mentioned activities will follow a gender responsive and inclusive approach, as detailed in the Mainstreaming section below.

3.3 Mainstreaming

Amendment under NDICI:

Environmental Protection & Climate Change

Outcomes of the SEA screening

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

The EIA (Environment Impact Assessment) screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design).

Outcome of the CRA (Climate Risk Assessment) screening

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 this action contains a gender perspective. The programme does not have a stand-alone, gender-specific objective, but project proposals are encouraged to indirectly address the economic and social rights and empowerment of girls and women and include gender equality as a cross-cutting aspect.

When defining the focus sectors in the specific sub-regions, attention should be paid to include sectors that have a high percentage of women workers and entrepreneurs and to promote the participation of women entrepreneurs in all sectors.

Empowerment and entrepreneurship opportunities, particularly for women, youth, indigenous peoples, and other minorities are promoted and enabled with this action where possible. The entire action is already strongly mainstreaming a gender equality perspective in supporting both private and public sector development.

Human Rights

A Rights Based Approach will be adopted ensuring a participatory approach of consumers and MSMEs including women and women owned business in all the activities, no discrimination in access to resources as well as information and accountability in the follow up of policies' implementation. Work on Sustainable and Inclusive Economic development is in and of itself a cross-cutting activity, which at its core contains work that aligns with various salient issues of global concern. The action will apply a human rights-based approach.

The principle of do not harm will be implemented in all phases of the project following the lines of the UN Guiding Principles on Business and Human Rights¹⁷. The proposed efforts on value chains and support to MSMEs will mainstream human rights and thereby support the fight against exploitation of children through any form of work, as well as social inclusion in their design. They are quintessential for sustainable recovery and development.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that Disability is not targeted in the principal objective / significant objective. Nevertheless, accessibility to seminars, events, workshops, and information of persons with disabilities will be assured as appropriate throughout the activities of the programme.

Reduction of inequalities

Reduction of inequalities is a significant objective of this action as identified in section 1.1.

Democracy

Health and accountable democratic systems are enablers for the strengthening of sustainable and

¹⁷ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

inclusive ecosystems. This action will provide a specific contribution for the strengthening of sustainable and inclusive ecosystems.

Conflict sensitivity, peace and resilience

Sustainable and inclusive economies contribute to peaceful and stable societies and decrease the chance of social unrest. The action can contribute to foster a better approach to participatory and inclusive ecosystems that recognise diversity. Besides, it will seek to contribute to the social integration of indigenous communities and other vulnerable groups into the development of private sector initiatives. Country conflict assessments produced for LA countries should be taken into account when available (while taking into consideration their confidentiality and level of sensitivity).

Disaster Risk Reduction

More sustainable and inclusive economies may increase the resilience of populations if confronted with crises or disasters.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Macro-environment	Risk 1 The innovative projects proposals are not received or are of insufficient quality due, among other reasons, to the fragility and constraints faced by the private sector.	L	M	The EU and the implementing body will ensure maximum diffusion of the call for proposals to business organisations.
Macro-environment	Risk 2 Difficulties in the replication of innovative projects due to lack of interest by business of financial institutions.	M	M	The innovative project results and experiences will be divulged through appropriate business and official events and other diffusion channels.
Macro-environment	Risk 3 The Beneficiary countries do not engage sufficiently in the policy dialogue component of the project.	M	M	The EU and the implementing body will regularly liaise with the National Authorities. Experiences of innovative projects will be used to feed the policy dialogue at various levels.
People and the Organisation	Risk 4 The EU Delegations have limited capacity to follow up the activities.	M	M	The Headquarters and the implementing body will regularly provide the EU Delegation with updated information about the activities of the programme and particularly about the

				implication of the countries concerned.
People and the Organisation	Risk 5 Violation of human rights	M	M	The principle of do not harm will be implemented in all phases of the project following the lines of the UN Guiding Principles on Business and Human Rights ¹⁸

Lessons Learnt:

An evaluation exercise assessed the EU's regional development cooperation with Latin America in 2009-2017 and provided key lessons and recommendations to improve and inform future regional cooperation. The evaluation found that for over 20 years the regional programmes have successfully supported Latin American SMEs as the engine for inclusive growth in the region, strengthening their business associations, bi-regional networks and technology exchange, internationalisation, and competitiveness (e.g., AL-INVEST¹⁹ and ELAN²⁰). The AL-INVEST programme has been the main vehicle for the support to the Private Sector in the region and has provided a rich experience of initiatives and networking.

The regional evaluation acknowledges as well that the regional programmes have also more recently started leveraging strategic investment projects but indicates nonetheless that linkages between the regional investment facility Latin American Investment Facility (LAIF) and other EU programmes and key regional priorities need strengthening.

The evaluation finally recommends focussing on improving the private sector development framework to enable MSMEs growth and improve the LAIF's complementarity with the regional cooperation programmes.

In accordance with these findings, the current programme intends to rely on the strong bi-regional network built over the years particularly among business intermediary associations, engage decidedly with the authorities in a deep and meaningful policy dialogue covering particularly the sustainability aspects of our Association Agreements. The innovative projects' results and experiences may be leveraged not only as enablers of alliances and investments in clean processes and products but also to facilitate the policy dialogue on sustainable development and investment climate in general.

Amendment under NDICI:

Moreover, the current AL-INVEST Verde programme is seeking to continue to foster bi-regional cooperation, strengthen value chains and support, where applicable, deforestation-free supply chains, circular economy processes and the green transition. From the experience of the on-going implementation of the programme, continuous technical assistance to the public sector provided also under previous economic programmes remains a must for the region. Activities related to IPR must continue to be enhanced. Regarding traceability systems related to deforestation-free supply chains, support and cooperation of both public and private sectors are essential.

¹⁸ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

¹⁹ C(2014) 9128

²⁰ C(2013) 8288

3.5 The Intervention Logic

The logic of the programme relies on the fact that the innovative projects will be able to demonstrate sustainable economic practices and approaches that may be replicated in the region on wider scale. Accordingly, the enhanced capacity of the beneficiaries of the innovative projects and the adequate dissemination of their results, combined for instance with entrepreneurial encounters have a significant potential to promote and develop commercial European-Latin American alliances and investment opportunities. This process would lead the SMEs in the region to the adoption of less polluting and more resource efficient products, processes and services, which constitutes the first outcome of the programme.

The intervention logic of the proposed action also rests on the enhancement of the capacity of the competent authorities in the area of sustainable development and commercial policies including Intellectual Property as an output of the programme. The institutional strengthening facilitates the formulation of coherent and balanced public policies in line with the commitments adopted in the Association Agreements with the EU, which constitutes the desired outcome. All of it contributes, ultimately, to the transition towards a low-carbon, resource-efficient and a more circular economy in Latin as a source of Sustainable Growth and Jobs creation, expected impact of the programme.

In summary, the factors of change for the programme are the potential of the innovative projects to promote and replicate sustainable economic practices to a large number of SMEs combined with the promotion of sustainable development practices to the governments of the region, building capacity of their line ministries and implementing agencies.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention. On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g., including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action. The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact (Overall Objective)	To promote Sustainable Growth and Jobs creation supporting the transition towards a low-carbon, resource-efficient and a more circular economy in Latin America.	1. Material Footprint (MF) per unit of value added avoided or reduced (t/USD). 2. CO2 emissions per GDP. 3. Contributions of targeted sectors to GDP. 4. Employment rate by gender in targeted sectors.		TBC	1. UN Environment Live platform 2. World Bank data 3. World Bank data 4. ILO Data	<i>Not applicable</i>

Outcome 1 (Specific Objective 1)	SMEs in Latin America adopt less polluting and more resource efficient products, processes and services while more sustainable consumption patterns are adopted by consumers.	1.1 - Number of SMEs that obtain financial services for green and digital solutions or processes. 1.2 Amount of green and digital investments in targeted sectors.		TBC	1.1 - Reports from Business Organisations and Financial Institutions. 1.2 – Reports from Business Organisations and Financial Institutions.	The innovative projects have a significant potential to generate investment opportunities and European-Latin American alliances.
Outcome 2 (Specific Objective 2)	Enabling trade and sustainable economic policy and regulatory frameworks, consistent with international instruments referenced in Trade and Sustainable Development Chapters of the EU Trade Agreements, are in place in partner countries.	2.1 - Number of country-strategy or national policy documents supporting the transition to a greener, inclusive, and more circular economy developed with the support of the intervention. 2.2 - Number of policies environment-related mainstreaming gender equality and well-being developed with the support of the intervention.		TBC	2.1 Specific National Action Plans on Sustainable Development, national development socio-economic plans, technological and industrial plans. 2.2 - Government policy register.	Political framework in the target countries will be stable to ensure fruitful dialogue.
Outcome 3 (Specific Objective 3)	Enhanced use and effectiveness of Intellectual Property Rights (IPR), particularly in Mercosur countries, consistent with EU trade policy and WTO commitments.	3.1 - Number of country-strategy or national policy documents developed with the support of the intervention.		TBC	3.1 - Specific National Action Plans	Political framework in the target countries will be stable to ensure fruitful dialogue.

Output 1.1 relating to Outcome 1	<p>Enhanced capacity of the beneficiaries of the innovative projects to apply and disseminate sustainable economic practices</p>	<p>1.1.1 - Number of SMEs adopting sustainable and digitalised economic practices.</p> <p>1.1.2 - Number of SMEs that obtain firm-specific sustainability standards certification.</p> <p>1.1.3. Jobs: Number of full-time equivalent of green and digital jobs (disaggregated by sex) sustained/created as a direct result of support.</p> <p>1.1.4 Growth: Number of SMEs reporting increased turnover as a direct result of support received.</p>		<p>TBC</p>	<p>1.1.1 - Internal programme monitor and evaluation system.</p> <p>1.1.2 - Reports on compliance with ISO 14000 and on Environmental Management System (EMS).</p> <p>1.1.3 - Internal programme monitor and evaluation system.</p> <p>1.1.4 - Internal programme monitor and evaluation system.</p>	<p>Interest of SMEs, business and consumers organisations in adopting sustainable practices.</p>
Output 1.2 relating to Outcome 1	<p>Improved access to European know-how and investment opportunities.</p>	<p>1.2.1 - Number of audience reached in events to disseminate the experience and insights provided by the innovative projects (disaggregated by sex).</p> <p>1.2.2 - Number of entrepreneurial encounters and B2B events (partly or fully) promoted by the programme</p> <p>1.2.3 - Number of SME staff with increased knowledge in access to finance (disaggregated by sex, and disabilities where possible).</p>		<p>TBC</p>	<p>1.2.1 Events records.</p> <p>1.2.2 Events records.</p> <p>1.2.3 Training records</p>	<p>Financial institutions will be interested in up-scaling the results of projects.</p>

Output 2.1 relating to Outcome 2	<p>Enhanced capacity of national government to formulate and implement sustainable policies, in particular related to core environmental, labour standards, and gender balance, which could be instrumental to help partner countries adhere to principles set out in the Trade and Sustainable Development chapters included in the Free Trade Agreements with the EU.</p>	<p>2.1.1 - Number of initiatives to formulate and implement sustainable policies defined through dialogue mechanisms and capacity building supported by the Action, while considering initiatives supported by the EU to empower women, youth, indigenous communities and other minorities, including in education, cultural and creative industries.</p> <p>2.1.2 - Number of actors (ministries, implementing agencies, etc.) engaged in the initiatives of policy dialogue and capacity building.</p>		<p>TBC</p>	<p>2.1.1 Establishing decisions and meeting notes from dialogue mechanisms.</p> <p>2.1.2 Workshop and technical assistance reports.</p>	<p>The Latin American governments are committed to the objectives of the policy dialogue and will express requests for policy formulation and implementation support.</p>
Output 2.2 relating to Outcome 2	<p>The policy dialogue on sustainable economic practices is enhanced at regional level.</p>	<p>2.2.1 - Number of policy initiatives defined through dialogue mechanism and networking events organised with policymakers to share relevant EU know-how and provide support.</p> <p>2.2.2 - Number of policy initiatives defined through dialogue mechanisms and networking events supporting the interactions among innovative projects and policy support activities organised with the support of the intervention.</p>		<p>TBC</p>	<p>2.2.1 - Workshop and dialogues reports.</p> <p>2.2.2 - Meeting notes from dialogue mechanisms</p>	<p>Interest of target countries in learning lessons and sharing best practices on sustainable practices from other countries in the region.</p>

Output 3.1 relating to Outcome 3	Strengthened capacity of national and regional IP institutions and networks, in particular Mercosur, for more efficient and user-friendly IP protection and enforcement systems.	3.1.1 - Number of dialogue mechanisms established with the support of the intervention. 3.1.2 - Number of actors (ministries, implementing agencies, etc.) engaged in these mechanisms.		TBC	3.1.1 - Dialogue mechanisms establishing decisions. 3.1.2 - Meeting notes from dialogue mechanisms	The Latin American governments are committed to the objectives of the policy dialogue and will express requests for policy formulation and implementation support.
Output 3.2 relating to Outcome 3	Strengthened the capacities and knowledge of the productive sector, civil society IP practitioners, academia and, in particular, the technological and scientific local communities on the importance and value of IP protection (including GIs) in the region's societies, particularly Mercosur.	3.2.1 - Number of beneficiaries with increased knowledge in IP protection (disaggregated by sex and type of beneficiary) 3.2.2 - Number of IP-related policy initiatives defined through dialogue mechanisms and networking events supporting the interactions among relevant stakeholders and policy makers organised with the support of the intervention.		TBC	3.2.1 - Pre and post training assessments and workshop reports. 3.2.2 - Meeting notes from dialogue mechanisms.	Interest of target countries in learning lessons and sharing best practices from other countries in the region.

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

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

4.2 Indicative Implementation Period

Amendment under NDICI:

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 74 months (originally envisaged 60 months plus additional 14 months) from the date of the adoption by the Commission of the Implementing Decision C(2020) 7917 final of 12 November 2020 on the financing of the annual action programme for 2020 – part II – in favour of the Latin American region to be financed from the general budget of the Union.

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 rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures²¹.

4.3.1 Direct Management (Grants)

Grants: (direct management)

(a) Purpose of the grant(s)

The purpose of the grant is the implementation of the activities conducive to the achievement of the Specific Objective 1

(b) Type of applicants targeted

- (i) European and Latin American business intermediaries representing Micro, Small and Medium-sized Enterprises. This includes, inter alia, chambers of commerce, sector-specific trade, industrial and professional associations, cooperatives, regulatory bodies and agencies promoting trade, investment and commercial activities as well as sector based agencies concerned with working with MSMEs or
- (ii) Public agencies (typically boards of investment, trade promotion agencies etc.) at national regional and sub-regional level.

In order to be eligible, the applicant must:

- be a legal person and
- be established in a Member States of the EUs or in a country eligible under the Neighbourhood, Development and International Cooperation Instrument (NDICI)²².

(c) Justification of a direct grant

²¹ 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.

²² NDICI Regulation (EU) 2021/947

More sustainable and inclusive economies may increase the resilience of populations if confronted with crises or disasters.

4.3.2 Direct Management (Prize(s))

Not applicable

4.3.3 Direct Management (Procurement)

Not applicable

4.3.4 Indirect Management with an entrusted entity

Indirect management with a Member State Organisation

A part of this action may be implemented in indirect management with an entity or multiple entities, which will be selected by the Commission's services using the following criteria:

- Experience and capacity in the organisation of projects related to Private Sector, Trade and/or Sustainable Development inside and outside Europe.
- Quality of proposed key experts.
- Existence of a network of technical offices in the different countries where the action should take place.
- Experience in other projects in Latin America.
- Capacity to mobilise short-term experts from EU administrations in the domains of Private Sector, Trade and/or Sustainable Development.

This implementation entails the achievement of the Specific Objectives 1 and 2.

This component will be further subdivided in components and/or lots to reflect the different sub-regional components.

Indirect management with an EU specialised agency

A part of this action may be implemented in indirect management with the **European Union Intellectual Property Office (EUIPO)**. This implementation entails the achievement of the Specific Objective 3 and its related outputs. The envisaged entity has been selected using the following criteria: In reason of its exclusive legal powers to manage the EU trademark and the registered Community design and its track-record of successful projects in the IP field under the Development and Cooperation Instrument and the Partnership Instrument, in a variety of different regions including the implementation of specific technical bilateral activities with some of the Mercosur countries.

4.3.5 Indirect Management with the Partner Country

N/A

4.3.6 Contribution to <name of the relevant Regional Investment Platform>

N/A

4.3.7 EFSD+ operations covered by budgetary guarantees

N/A

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

In case of failure to reach agreement with a pillar assessed organisation in the above cases of indirect management for the achievement of Specific Objectives, the part of the action may be carried out

through a procurement of Technical Assistance in direct management.

4.3.9 Other actions or expenditure

N/A

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.

In accordance with Article 8(3) of Regulation (EU) No 236/2014 with regard to the regional nature of this action, the Commission decides that natural and legal persons from the following countries, territories or regions shall be eligible for participating in procurement and grant award procedures: eligible countries under the Multiannual Indicative Programme for Latin America for the period 2014-2020. The supplies originating there shall also be eligible.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

In accordance with Article 16 of Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020, due to the project's nature and the importance to ensure complete regional coverage, the eligibility of the action extends exceptionally to Chile and Uruguay, as their participation subject to the differentiated approach is key to preserve the regional scope of the Action necessary to achieve its objectives.

The involvement of Chile and Uruguay is key to reach the ambitious goal of effectively implementing the content of the Trade and Association Agreements with Latin American countries. The participation of Chile, a well-established commercial partner, not only reinforces the modernisation process of the EU-Chile bilateral agreement itself but also enhances the regional dialogue by promoting the Association Agreements as a vehicle to promote commercial exchanges and facilitate the transition towards a more sustainable economic model.

4.5. Indicative Budget

Indicative Budget components ²³	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Grants: (direct management) – cf. section 4.3.1 <i>SO1 – Innovative projects</i>		
Indirect management with a Member State Organisation– cf. section 4.3.4 <i>SO2 – Policy support</i>	<i>EUR 3.7M under this Amendment using NDICI funds</i>	N.A.
Indirect management with an EU specialised agency –	<i>EUR 1M under this Amendment using</i>	426 714

²³ N.B: The final text on audit/verification depends on the outcome of ongoing discussions on pooling of funding in (one or a limited number of) Decision(s) and the subsequent financial management, i.e., for the conclusion of audit contracts and payments.

cf. section 4.3.4 <i>SO3 – Intellectual property</i>	<i>NDICI funds</i>	
Evaluation – cf. section 5.2 Audit – cf. section 5.3	Will be covered by another decision	N.A.
Contingencies ²⁴	N.A.	N.A.
Totals	4 700 000	426 714

4.6. Organisational Set-up and Responsibilities

The overall coordination of the programme is ensured by the European Commission with support from the implementing bodies in order to ensure that best practices are disseminated widely, and that the programme liaises with all stakeholders interested. The Cooperation and Trade sections of the EU Delegations in Latin America are expected to provide input for the policy implementation in the target countries and to be actively involved with priority setting at the national, regional and sub-regional level.

The European Commission will chair the Steering Committee of the programme, which will be organised at least once a year. The Steering Committee will provide direction to the programme implementation ensuring that the activities are consistent with the planned objectives and expected outcomes. Members of the Steering Committee will be representatives from the EU Delegations and/or the European Commission headquarters, implementing bodies and the focal points established in the target countries for the programme.

The steering committee will gather the stakeholders and establish a yearly work plan for activities and events based on demands received from the target countries and to exchange on the developments within the programme. Experiences from the innovative projects will be included as topics of discussions.

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

²⁴ Consider that for contracts where no financing agreement is concluded, contingencies must be covered by individual and legal commitments by 31 December of N+1.

reviews).

Roles and responsibilities for data collection, analysis and monitoring:

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

5.2. Evaluation

Having regard to the importance of the action, a mid-term evaluation will be carried out for this action or its components via independent consultants.

It will be carried out for learning purposes, in particular with respect to the adequacy of the innovative projects and the policy support scheme in view to undertake a possible continuation of the programme.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination²⁵. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Amendment under NDICI:

Evaluations, monitoring and reporting will, where possible, 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.

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

Amendment under NDICI:

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

²⁵ See best [practice of evaluation dissemination](#)

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.