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ANNEX 1

to the Commission Implementing Decision on the financing of the multiannual action plan for the thematic programme on Global Challenges (Prosperity) for 2022-2023 part 1

Action Document for Sustainable investment climate and due diligence for more and better jobs

MULTIANNUAL PLAN

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

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Sustainable investment climate and due diligence for more and better jobs OPSYS number: ACT-60938 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	No
3. Zone benefiting from the action	Global action
4. Programming document	NDICI-Global Europe Global Challenges Multi-annual Indicative Programme 2021-2027
5. Link with relevant MIP(s) objectives / expected results	Specific objective 1 ‘Investment climate, private sector, decent work, employment and trade’ under the priority area Prosperity Expected results: promotion of decent employment, improved occupational safety and health, freedom of association, strengthened public – private and social dialogue, higher compliance with labour standards, enabling legal and public governance environment for the implementation of due diligence requirements
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Priority Area 3: Prosperity Investment climate, private sector, decent work, employment and trade
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 8 – Decent Work and Economic Growth Other significant SDGs (up to 9) and where appropriate, targets: SDG 12 – Responsible Consumption and Production SDG 13 – Climate Action SDG 16 – Peace, Justice and Strong Institutions

	SDG 17 – Partnerships for the Goals			
8 a) DAC code(s)	25040 – Responsible business conduct – 60% 32163 – Textiles, leather and substitutes – 20% 32210 – Mineral/mining policy and administrative management – 20%			
8 b) Main Delivery Channel	UN Entities – 41000 OECD – 47000 EITI – 32000 GIZ – 90000			
9. Targets	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> x
	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"/>
	Trade development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance	YES <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	

	digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	/
	digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity	YES	NO	/
	energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
transport	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reduction of Inequalities @ (methodology for marker and tagging under development)	<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: 14 02 02 42 Total estimated cost for 2022: EUR 22 million Total amount of EU budget contribution for 2022: EUR 22 million			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through grants with the entity selected in section 4.3.1. Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.2.			

1.2 Summary of the Action

This action aims at supporting the sustainability of value chains in partner countries, through increasing the capacity of actors to implement and to address sustainability practices and requirements, facilitating up to date trade and market access information, increasing the traceability and transparency of the garment value chain - given its development impact as value chain - and improving the reporting and governance of the extractive sector related value chains – with its major implications in human rights, domestic revenue mobilisation, social and environmental standards.

This action firstly supports increasing capacity-building to the relevant public, private and civil society actors in partner countries to implement and support adherence to the Proposal for a Directive on Corporate Sustainability Due Diligence (CSDD)¹, with a special focus on the garment and extractive industries sectors. It develops new accompanying measures to support partner country governments, companies, CSOs and social partners to effectively and inclusively align with the Proposal for a Directive on CSDD. As the proposal is still discussed by the EU co-legislators, this action requires flexibility to align with the final text of the directive.

Secondly, the action will also support enhancing transparency, accountability and governance in key sectors, namely in garment and extractive industries. It aims to train, strengthen capacity and raise awareness throughout the entire value chain and supporting supply chain actors in partner countries so that they can utilise the EU horizontal and product-specific due diligence legislation, as for conflict minerals², to leverage improvements of labour and environmental standards and continue to participate in supply chains that access the European market.

Thirdly, the accompanying measures that this action seeks to develop focus on the collection of data to assess the impact of the Proposal for a Directive on CSDD, creating a baseline which is necessary to measure the uptake and impact of the CSDD on partner countries and mapping social standard risks / problems in partner countries. By facilitating data production and better access to data, including general data on trade and market access, the action will facilitate and promote sustainable trade in general, supporting the integration of developing countries, in particular, Least Developed Countries (LDCs), into the global trading system, promoting poverty reduction, inclusiveness and creation of decent jobs.

While the action encompasses a global approach to the implementation of accompanying measures for the Proposal for a Directive on CSDD, two specific sectors will receive special attention: the garment and extractive industries. The action will support enhanced transparency and traceability in garment value chains through improved understanding of and capacity by data analysis and social/labour standard benchmarking. By doing so it will inform, harmonize, and support implementation of EU and private sector targets in transparency, traceability and sustainability of garment and footwear value chains. Furthermore the action will support enhanced transparency and traceability in garment value chains through the development of dedicated engagement strategies in priority countries for the garment and footwear industry, with possible links to leather and beef industry, and raw materials. To do so it will set up industry consortia for the uptake of the Toolbox and the development of a UN Traceability & Transparency Index to measure the level of traceability of products and materials.

The action, finally, supports the improvement of economic governance as well of the extractive sector. It will contribute to the transparency and domestic revenue mobilisation in this sector in partner countries, as well as the establishment of a level playing field in the natural resources sector, through the implementation of the Extractive Industries Transparency Initiative (EITI)³. It will also promote more predictable and mutually fair contract negotiations through the support to the G7 CONNEX Support Unit Initiative⁴, while attracting responsible investments in the sector at a time of growing demand to secure the sustainable supply of critical raw materials to support the energy and digital transition.

¹ COM(2022)71 of 23.2.2022

² Regulation (EU) 2017/821

³ C(2018)8440 of 10.12.2018

⁴ C(2019)8049 of 13.11.2019

2 RATIONALE

2.1 Context

The action will be implemented under the Global Challenges Programme of the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-Global Europe) that sets out the global and multilateral dimension of implementation of EU's political priorities. It aims to strengthen the EU as a global actor in the delivery of the United Nations 2030 Agenda and the Paris Agreement to help eradicate poverty, reduce inequalities and achieve sustainable development.

The structure of the Global Challenges Programme reflects the key intertwined themes of the 2030 Agenda that shape the Sustainable Development Goals (SDGs): People, Planet, Prosperity and Partnership. The four pillars of the Global Challenges Programme as well as the actions proposed in the individual Annual Action Programmes (AAPs) are mutually reinforcing and interlinked.

The European Union aspires to ensure that products and services that reach the single market have been produced in full respect of human rights, social and environmental standards, including a focus on eco-design for the recovery and recycling of materials in response to the recent proposal for a Regulation on Ecodesign for Sustainable Products⁵. At the highest political level, commitments have been made on the eradication of child labour and the addressing of forced labour. In 2021 State of the Union (SOTEU) President Von der Leyen stated *'Doing business around the world, global trade – all that is good and necessary. But this can never be done at the expense of people's dignity and freedom...Human rights are not for sale – at any price.'* The Commission's Proposal for a Directive on CSDD, product-specific legislative initiatives, and the Communication on Decent Work Worldwide⁶ are an important lever to promote the adherence to social and environmental standards of EU trading partners. These initiatives all recognise the importance of accompanying support to supply chain actors in our partner countries. Further, these initiatives are complementary to and intersecting with partners' trade and sustainable development (TSD) commitments in bilateral trade agreements and unilateral arrangements such as the Generalised Scheme of Preferences (GSP)⁷. Assistance provided to those partner countries should also take into account implementation priorities as agreed in TSD and GSP contexts.

This action will promote sustainable investment climate and due diligence for more and better jobs. Decent employment is the primary path to realise an economy that works for all people, including the most disadvantaged groups. Different components of this action will (i) focus on putting in place accompanying support measures for public and private stakeholders to address requirements of EU due diligence initiatives in partner countries, notably the Commission's Proposal for a Directive on CSDD and the Communication on Decent Work worldwide; (ii) address the impact and the opportunities for partner countries and their business at the level of employment, trade, private sector development and sustainable value chains development; and (iii) focus at improving the transparency and traceability in garment and footwear sector, with possible links to leather and beef industry, and raw materials, improving the transparency and accountability of extractive industries.

The actions envisaged to cover the priority of Investment climate, private sector development and engagement, decent work, employment and trade in the Prosperity Pillar of the Global Challenges Multiannual Indicative Programme are aligned with the Commission's objectives. The Multiannual financial framework actions will support private sector as an engine of investments, trade and jobs creation, while ensuring investment climate and business environment are conducive to attract and retain investments aiming at sustainable and inclusive economic growth. Promoting women and youth, including those with disabilities or otherwise disadvantaged, economic empowerment will guide the interventions planned.

The action can build on the experiences of organisations with extensive experience in addressing due diligence, such as ILO and OECD amongst others, some of which already co-financed by the EU.

The global trade market continues to rapidly evolve, and measures and market access information should be duly informed and explained to the public sector to take informed decision and to private sector for them to maximise the expected benefits. Developing countries, and even more, LDCs, are seriously affected by trade information

⁵ COM(2022)142 of 30.03.2022

⁶ COM(2022)66 of 23.02.2022

⁷ Regulation (EU) 978/2012

asymmetries. The poorer the country, and the smaller the company, the more that companies are affected by Non-Tariff Measures. Reasons for this include among others the fixed cost nature of researching and complying with market requirements.

In this context, access to timely, relevant and reliable trade and market information is paramount to fuelling inclusive and broad-based growth. More transparency of international markets is key for economic operators to effectively cope with and adapt to shifting global market conditions.

The promotion of sustainable value chain development, transparency and traceability of textiles, garment and leather with possible links to leather and beef industry, and raw materials; and transparency and accountability of raw materials value chains will be an important element. The actions plan to put in place accompanying measures to ensure our partner countries can address the requirements of the EU Corporate Sustainability Due Diligence Directive, as well as those to be introduced by the proposal for the Ecodesign for Sustainable Products Regulation (ESPR)⁸, the Green Claims Initiative and Product Environmental Footprint.

Regarding clothing industry, which is one of the largest industries in the world economy, the textiles production doubled between 2000 and 2015⁹ generating annual revenues of around USD 3 trillion, producing 80 billion garment pieces, and employing 60 to 75 million people with direct jobs worldwide, of which two-thirds are women.¹⁰ Garment trade encompasses EU Member States with the textile and clothing sector employing more than 1.5 million Europeans and is key to stimulate local jobs and business opportunities¹¹, mainly as consumers but also as producers, as well as major trading partners in Asia, Africa, and Latin America. The garment and footwear industry is also one of the most polluting sectors on the planet - European consumption of textiles has the fourth highest impact on the environment and climate change¹² - and has a vital role to play in reducing biodiversity loss and greenhouse gas emissions to ensure that the world limits global temperature rise to 1.5 degrees Celsius, in line with the Paris Agreement. Human exploitation is also a significant challenge in a sector where opaque international chains of production make it difficult to find out how—or even where and how—our clothes and shoes are being made. Consumers, governments and many companies are calling for change to make risk-informed decisions. But, until now, it has been very difficult for clothing and footwear vendors to vouch with authority for the sustainable and ethical production values of their goods. The clothing component of the action will directly contribute to the practical implementation of the ongoing policy and regulatory developments at the EU level including the EU Strategy for Sustainable and Circular Textiles¹³ under the Circular Economy Action Plan¹⁴, the Directive on Corporate Sustainability Due Diligence¹⁵, the Product Environmental Footprint and Digital Product Passport envisaged under the Ecodesign for Sustainable Products Regulation proposal, the Initiative on Substantiating Green Claims and the revision of the Non-financial reporting Directive to support due diligence, risk-management, and reliable product information sharing for responsible business conduct and consumption choices.

Regarding the extractive sector, this is a key industry in many developing countries, with natural resources playing a dominant role and exerting influence on a multitude of political, economic and social aspects in the lives of billions of people worldwide. Many countries face significant challenges in turning the potential of their extractive sector into sustainable public revenue with developmental dividend, a situation often referred to as the “resource curse”. Transparency and adequate legal and regulatory frameworks are required to this end.

To support the low carbon energy and digital transition, the extraction of raw materials is increasingly needed. Africa alone hosts an estimated 30% of global mineral reserves. Foreign direct investment (greenfield projects) into

⁸ https://ec.europa.eu/info/energy-climate-change-environment/standards-tools-and-labels/products-labelling-rules-and-requirements/sustainable-products/ecodesign-sustainable-products_en [Accessed 5 September 2022]

⁹ European Commission. 2017. Press corner. https://ec.europa.eu/commission/presscorner/detail/en/fs_22_2017 [Accessed 28 April 2022].

¹⁰ UNECE, 2017. TEXTILE4SDG12 Transparency in textile value chains in relation to the environmental, social and human health impacts of parts, components and production processes. https://unece.org/DAM/unctefact/UNECE_Research_Paper_Traceability_for_Sustainable_Clothing_Nov_2017_FINAL.pdf [Accessed 16 February 2022].

¹¹ European Commission. 2017. Press corner. https://ec.europa.eu/commission/presscorner/detail/en/fs_22_2017 [Accessed 28 April 2022].

¹² European Commission. 2017. Press corner. https://ec.europa.eu/commission/presscorner/detail/en/fs_22_2017 [Accessed 28 April 2022].

¹³ COM(2022)141 of 30/03/2022

¹⁴ COM(2020)98 of 11.03.2020

¹⁵ COM(2022)71 of 23.02.2022

only the Sub-Saharan African extractive sector has been estimated at more than USD 88 billion over the period 2006-2010 and USD 36 billion for the period 2016-2020¹⁶. The sector holds the potential to catalyse economic development and contribute to the SDGs, as well as to the policy objectives set in the Communication from the Commission on ‘Critical Raw Materials Resilience: charting a Path towards greater Security and Sustainability’¹⁷. This action is aligned with the priority on Prosperity indicated in 2030 Agenda for Sustainable Development and the European Consensus for Development and will contribute to SDG 8 – Decent Work and Economic Growth. Other SDGs targeted are SDG 12 – Responsible Consumption and Production, SDG 13 Climate Action, SDG 16 – Peace, Justice and Strong Institutions and SDG 17 – Partnerships for the Goals. It will also contribute to the implementation of the 5th UN Environment Assembly Resolution 5/12 on Environmental aspects of minerals and metals management¹⁸.

Finally on 1st December 2021 the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy launched the Global Gateway¹⁹, the new European strategy to boost smart, clean and secure links in climate, digital, energy and transport; and to strengthen health, education and research system across the world.

2.2 Problem Analysis

Short problem analysis:

The adherence to labour and other social standards, such as inclusive decent employment, as well as environmental impact of production and governance are persistent problems for part of the raw materials value chains, intermediate and final products that reach the European market.

Existing national supply chain acts and proposed EU legislation oblige in-scope companies to conduct due diligence on their operations and suppliers. But even the most well-drafted legislation cannot ensure that companies carry out this obligation in ways that lead to measurable and lasting improvements in their sustainability performance and the wellbeing of stakeholders along their supply chain.

A supply chain is only as strong as its weakest link, and this applies to sustainability as much as to resilience or quality. As a polycentric complex adaptive system, not one actor has the authority or resources to make the supply chain sustainable. The achievement of social and environmental sustainability in supply chains will involve actions by lead companies, suppliers, producers, regulators and stakeholders along the chain. Similarly, each step in the due diligence process, from the identification of risks to action to prevent, mitigate or remediate those risks requires input from multiple actors. Many of the actors will need training, tools, technology or financial support to play their roles effectively. Most importantly, they will need to see the welfare effects and value creation flowing from their investment in human rights and environmental due diligence. If the value added is not fairly distributed throughout the system, market actors will choose to act in their self-interest rather than in the mutual or social interest of the group.

The economic governance dimension of value chain sustainability must not be overlooked. This is why accompanying measures for the effective and inclusive implementation of due diligence are as important as the underlying legislation itself. Only a smart mix of mandatory rules, voluntary actions and accompanying measures can ensure that human rights and environmental due diligence brings about the system-level change towards sustainable global supply chains that is necessary to improve working conditions, livelihoods and the environment in our developing partner countries.

In this smart mix of measures, it is the role of accompanying measures to provide the guidance and support needed to incentivize and facilitate long-term sustainable engagement of EU companies with local producers and suppliers in developing countries, to ensure a level playing field and attract sustainable investments in these sectors and to build the capacity of producers and suppliers to adopt production practices that are more socially, environmentally and

¹⁶ World Bank Group

¹⁷ COM(2020)474 of 03.09.2020

¹⁸

<https://wedocs.unep.org/bitstream/handle/20.500.11822/39927/ENVIRONMENTAL%20ASPECTS%20OF%20MINERALS%20AND%20METALS%20MANAGEMENT.%20English.pdf?sequence=1&isAllowed=y> [Accessed 5 September 2022]

¹⁹ JOIN(2021)30 of 01.12.2021

economically sustainable.

Due diligence legislation therefore has to be accompanied by measures to enable and empower all actors along global supply chains fulfil their roles in the due diligence process and economic governance in an effective and inclusive manner.

Access to timely and accurate information on trade related issues, such as market access information, trade agreement in place, foreign direct investment (FDI) or trade requirements link to legislation (i.e.: future CSDD and ESPR) is key to ensure sustainable growth that creates better jobs, reduces poverty, and increases economic opportunity. Recent research shows that trade liberalization increases economic growth by an average by 1.0 to 1.5 percentage points, resulting in 10 to 20 percent higher income after a decade.²⁰ Absence of this information increases the time and cost of doing international business. Micro, Small and Medium Enterprises (MSMEs), particularly in developing and least developed countries, are not always aware about the regulations and related certificates for instance. The lack of information creates delays for them to trade internationally, making them less competitive than others. In addition, the global trade market is continuously evolving and economic disruptions may have a tremendous impact on the economic stability and livelihoods of MSMEs around the world.

Finally, several raw materials, in particular those critical, are in high demand for their strategic application. Others support the transition to lowering carbon use and improving energy storage through batteries, for example cobalt and lithium for use in electric vehicles. At a time of growing competition and international tension for the access to natural resources, there is a need to enhancing promotion of a more transparent, predictable consensus-based, and responsible economic governance in the extractive sector. Governance of the raw materials value chains is key to ensure transparency, the contribution of the sector to the Sustainable Development Goals (SDGs) and the respect of social and environmental standards along the value chain.

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

The main stakeholders of the action are partner country governments, companies as well as supporting industry schemes and multi-stakeholder and global initiatives, social partners, private sector and civil society organisations and local authorities. Stakeholders have different roles and needs and thus a differentiated offer of accompanying measures is called for to support effective multi-stakeholder dialogue.

Private sector, local authorities, social partners and civil society organisations (CSOs) should be involved in the action as partners in the monitoring of impacts of the Commission's Proposal for a Directive on CSDD on producer countries and for enforcing compliance with the CSDD.

Improving traceability and transparency has therefore become a priority for the garment and footwear industry. The initiative provides policy makers, businesses, and industry actors, including NGOs and academia, with a complete set by tracking and tracing goods through the supply chain, producers and brands have the information they need to make verifiable sustainability claims that consumers, governments and regulators can trust. . Being the major import destination due to the size of the market combined with high consumption rates, the EU plays a key role in driving action for sustainable value chains in this sector, helping to improve environmental sustainability and working conditions in factories in partner countries. Furthermore, following leadership demonstrated in the Commission's legislative Proposal for a Directive on CSDD, in the EU strategy for Sustainable and Circular Textiles, and in the ESPR proposal, EU businesses and market partners will need guidance and support to meet the policy goals.

The action will apply the relevant commitments of the European Consensus on Development and the GAP III priorities.

²⁰ WB Data 2021

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective (Impact)** of this action is to promote sustainable and inclusive value chains growth and employment in partner countries through the adherence to environmental and social standards.

The **Specific Objectives (Outcomes)** of this action are:

- (1) To improve the adherence to EU due diligence legislation and practice, and access to external markets for the compliant companies in partner countries;
- (2) To enhance the engagement of country partners into transparency and traceability along the global value chains (in particular garment and footwear, with possible links to leather and beef industry, and raw materials);
- (3) To promote the responsible management and good governance of extractive resources in partner countries.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

Outputs Contributing to Specific Objective 1 (or Outcome 1)

1.1 Improved capacity of supply chain actors, CSOs and other interlocutors to implement EU horizontal and product specific due diligence legislation and practice.

1.2. Improved knowledge on and access to information on trade, market access and investments for the companies and stakeholders in the focus.

Outputs Contributing to Specific Objective 2 (Outcome 2)

2.1. Improved analytical capacity for benchmarking, standards and using the transparency and traceability tool²¹.

2.2. Dedicated engagement strategies in priority countries for the garment and footwear industry.

Outputs Contributing to Specific Objective 3 (Outcome 3)

3.1. Improved capacity of the national governments, private sector actors and civil society to implement and monitor global transparency standards on sustainable management of non-renewable natural resources.

3.2. Improved capacity of partner developing countries for negotiations on exploitation / management of the extractive industries.

3.2 Indicative Activities

The indicative activities to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

Activities relating to Outcome 1.1:

1.1.1 Creation of new general²² and new sector-specific²³ E-Learning modules on due diligence targeted to specific user groups (e.g. SMEs; civil society, union representatives and public procurement practitioners), and supply chain risks (e.g. deforestation, climate change, gender, child labour etc.). ‘Training the trainers’. Local authorities, social partners and CSOs should be involved in the action as partners in the monitoring of impacts of the Commission’s Proposal for a Directive on CSDD on producer countries and for enforcing compliance with the CSDD.

1.1.2 Strengthening the effectiveness of private standards and certification schemes and multi stakeholder initiatives (MSIs) through alignment with global Responsible Business Conduct (RBC) standards by creating self-

²¹ <https://slcpgateway.sustainabilitymap.org> [Accessed 5 September 2022]

²² Complementing existing tools like the ILO-training center’s training module (available at : https://www.ilo.org/empent/Eventsandmeetings/WCMS_800334/lang--en/index.htm [Accessed 5 September 2022]) or making them more user-friendly e.g. for employers, managers, trade unions and individual workers.

²³ Going beyond the few sectors so far covered by the OECD written guidance: <http://mneguidelines.oecd.org/sectors/> [Accessed 6 September 2022]

assessment tools and co-funding the existing standards map of existing voluntary sustainability standards, codes of conduct, audit protocols, reporting frameworks and company programs on sustainability. This includes support to governments on alignment of policies and regulations with OECD, UNGPs and ILO declarations and standards; support for embedding due diligence and RBC into public procurement and trade agreements, and improving social dialogue.

1.1.3 Monitoring of impact and uptake of the CSDD in partner countries; research and recommendations on barriers, needs and challenges arising from the impact monitoring.

1.1.4 Using ILO's NORMLEX data to create an overview of fundamental labour rights challenges in supply chains per country, which is easily accessible for supply chain actors. Use this data in E-learning module.

Activities relating to Outcome 1.2.:

A.1.2.1 Provision of up-to-date, reliable and comparable trade related data and analytics, for goods and services, through fully accessible online tools.

A.1.2.2 Provision of up-to-date, reliable and comparable market access related information (e.g. preferential agreements, rules of origin, official Sanitary and Phytosanitary (SPS) Technical Barriers to Trade (TBT)...) through fully accessible online tools.

A.1.2.3 Provision of up-to-date, reliable and comparable FDI information through fully accessible online tool.

A.1.2.4 Provision of up-to-date, reliable and comparable business information, including market prices and procurement opportunities, through fully accessible online tools.

A.1.2.5 Provision of customized support to raise awareness and increase knowledge on international trade issues and ITC market analysis tools, through capacity building programmes, online support materials, enhancement of market analysis tools portal.

Activities relating to Outcome 2:²⁴

A.2.1: Capacity building and coaching: Expand training and coaching programmes, both online and in-person, to support the uptake of the transparency and traceability standards and tools across all major garment producing countries.

A.2.2. Based on study to be conducted by the Commission aiming to identify and analyse the potential for applying transparency and traceability solutions and improving social and environmental standards within (i) primarily the internationally traded sectors specified by the EU's Circular Economy Action Plan, such as plastics, raw materials, biomass and bio-based products; (ii) agri-food sector, such as cocoa and coffee; (iii) minerals; and (iv) ICT, namely electronics, batteries, minerals; include the sectors with the highest potential for developing and scaling-up of existing transparency and traceability solutions in the implementation of standards and audit sharing tools developed primarily for garment and footwear industry.

Activities relating to Output 2.1: Transparency and Traceability Tool:

A.2.1.1. Expand utilization and uptake of the transparency and traceability web tools utilizing the tool for social/labour audits.

A.2.1.2. Conduct data analysis on the wealth of audit information contained in the bespoke tools, as well as social/labour standard benchmarking, incorporating a gender perspective, to inform, harmonize, and support implementation of EU and private sector targets in transparency, traceability, and sustainability of garment and footwear value chains.

A.2.1.3. Building upon the cotton and leather blockchain pilots, scale-up the UNECE blockchain system to support the adoption of the UNECE toolbox, engaging with the private sector (farmers, SMEs, manufacturers, brands and retailers) to track and trace the whole value chain from key producing countries at global scale (Central Asia, Americas, Africa) for additional textile fibres and materials.

Activities relating to Output 2.2: Policy framework & Standards:

A.2.2.1. Support the implementation of UNECE toolbox²⁵ (in key beneficiary countries to guide policy makers in devising strategic approaches to sustain and incentivise private sector efforts to track and trace the whole value

²⁴ InTex project to serve as an example. <https://www.unep.org/intex> [Accessed 7 September 2022]

chain, make it more transparent, including on social, environmental and health performance and impacts (adopted by the UNECE UN/CEFACT²⁶ Working Party).

Activities relating to Outcome 3

Activities relating to Output 3.1.

A.3.1.1. Delivering technical assistance to countries to implement new EITI Standard requirements to improve transparency and accountability in the extractive industries including: (i) disclosure of key information about the sector, (ii) data reliability, timeliness and comprehensiveness, (iii) effective oversight, including preparation of a coherent work plan and reporting.

A.3.1.2. Assist countries with understanding and making the most use of the EITI Standard as a tool for wider reform and ensuring that the EITI leads to improved governance and informed debate while helping to cope with the challenges of the energy transition.

A.3.1.3. Strengthening the management and organisational capacity of EITI at Board level to effectively steer and monitor the progress of implementing and outreaching countries regarding the implementation of the EITI Standard.

A.3.1.4. Sharing of experiences and good practice of Scoping Studies, work plans, EITI Reports and Annual Activity Reports.

Activities relating to Output 3.2:

A.3.2.1. Upon partner requests, conceptually prepare, implement and monitor high-quality negotiation support to partner governments through expert assignments.

A.3.2.2. Continuously evaluate and improve the quality of the implementation of support measures in conjunction with partner governments and produce internal guidance notes for negotiation support experts.

A.3.2.3. Support capacity building and knowledge sharing amongst partner governments regarding negotiations of large-scale investments through lessons-learned documents and trainings.

A.3.2.4. Raise awareness of partner countries and stakeholders on the importance of negotiation support and expert support available on increasing the developmental benefits of mining and infrastructure investments.

3.3 Mainstreaming

Environmental Protection & Climate Change

The very same nature of this action document calls for a perfect alignment to meet the highest environmental protection standards and to address climate change issues. Outcomes and outputs will perfectly mainstreamed, both in the contracts for the implementation as well as in the activities, the environmental protection and climate change.

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 gender equality is a significant objective of the action. The action will contribute to the objectives of the GAP III.

At all stages gender-responsive human rights-based approach (HRBA) principles of participation, non-

²⁵ Principles and policy recommendations, implementation guidelines, standards, call to action 'The Sustainability Pledge' endorsed over the inter-governmental process of the Working Party UN/CEFACT in April 2021

²⁶ United Nations Centre for Trade Facilitation and Electronic Business

discrimination/equality, accountability and transparency will guide the planning and implementation of the action and specifically the desk review. Every effort will be made to ensure gender balance and to prioritise the active participation of women in the action.

Gender Equality and consideration are regularly mainstreamed in the EITI and CONNEX Support Unit policies and implementing activities.

Human Rights

Human rights-based approach and its key principles (participation, non-discrimination, accountability and transparency) will be integrated throughout the action.

Human Rights and Good Governance are closely interlinked in this action as the scope is to provide the global business community with a practical, risk-based due diligence five step framework to help companies in ensuring they are not directly or indirectly contributing to conflicts or serious abuses of human rights and labour rights, including child labour and forced labour.

It is worth to mention that outcome 3 will use a methodology, working towards strengthening the capacities of duty-bearers to meet their obligations and hence those of rights-holders to make their claims and, and applying its five principles: 1) all rights are applied, 2) participation and access to the decision-making process, 3) non-discrimination and equal access, 4) accountability and access to the rule of law, and 5) transparency and access to information.

The UN Guiding Principles on Business and Human Rights will be promoted amongst private sector partners.

Disability

This action is labelled as D0. This implies that the inclusion of persons with disabilities is not considered as a significant objective of this action, since persons of disabilities are not specifically targeted by this action. However, the European Union recognises and respects the right of persons with disabilities. The Commission is committed to making project information and activities as accessible as possible to the largest possible number of users and participants including those with visual, auditory, cognitive or physical disabilities. Attention will also be paid to ensure and enable the participation of people with disabilities in the action's activities.

Democracy

The action strengthens the democracy as it contributes to improving the public governance in the areas of employment and social protection.

Conflict sensitivity, peace and resilience

While contributing to an improved access to better employment opportunities and inclusive social protection systems in partner countries, this action participates in building solid ground for peace and resilience. In particular when promoting responsible sourcing from conflict-affected and high risks areas.

Disaster Risk Reduction

Not targeted.

Other considerations - human rights, decent work and environmental sustainability

Traceability and transparency of sustainable value chains are key drivers of responsible production and consumption patterns in this industry in line with SDG12 of the 2030 Agenda. They enable industry actors to achieve verifiable performance on human rights, decent work and environmental sustainability and can help ensure health and wellbeing for all. In fact, the implementation of traceability and transparency systems can efficiently address information asymmetry between producers and consumers, thus enhancing accountability and trust. The UNECE framework initiative and ITC tools will build the capacity of actors in key countries for the garment and footwear sector through the uptake of its traceability solutions to better manage value chain risks related to climate change, environmental protection and human rights. Tools produced will support increased visibility upon the sustainability impacts, tools to comply with due diligence requirements and to provide reliable product claims from raw materials through point of purchase and beyond. Moreover, by collaborating with governments and multi-

stakeholder industry initiatives, the project will aim to reach the greatest number of beneficiaries who are negatively affected by unsustainable production and consumption.

In line with the UN 2030 Agenda for Sustainable Development and the New Consensus European Consensus on Development, this action applies the ‘leave no one behind principle’, aiming to reduce vulnerabilities and addressing inequalities. Its result shall contribute to social and economic inclusion of vulnerable groups, such as informal workers, migrants or displaced workers, persons with disabilities, ethnic minorities and Indigenous Peoples, the elderly, etc.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
4 - risks related to legality and regularity aspects	This action will support partner countries in addressing the main challenges the Commission’s Proposal for a Directive on CSDD may impose on them. Both the outcome of negotiations by co-legislators, as well as the actual uptake of the new rules by companies will influence the effectiveness of this action in achieving its objectives	Medium	Medium	A flexible and adaptive approach to the management of the action: e.g. setting up a steering committee to meet once a year and a project group to meet four times a year.
5 - risks related to communication and information	EU Member States and other Commission Directorates-General are developing their own accompanying measures. The risk exists is that action(s) overlap.	High	Low	Coordinating and communicating with EU Member States, other Commission Directorates-General and implementing partners via regular meetings (e.g. within Commission coordination meetings and Team Europe Initiatives (TEI) on accompanying measures).
5 - risks related to communication and information	The more projects that are being developed, the more complicated accompanying	Medium	Medium	This action plans to make data and access to data and information more accessible.

	measures get.			
1 - risks related to the external environment	Lack of willingness of businesses and other action stakeholders to engage in the action in view of improving transparency and traceability of value chains.	Low	Medium	<p>The action will create an incentive system to give visibility to businesses that progress on sustainability issues. It will also reinforce buyer-backed standards and expectations, and give suppliers the possibility to track and trace and measure their sustainability performance against other suppliers.</p> <p>Information will be exchanged along the value chain according to a UN tracking and tracing standard, and system and the data disclosed by suppliers will be protected within UN data protection system.</p>
1 - risks related to the external environment	Lack of willingness of brands/buyers to engage in discussions sustainability performance an on transparency and traceability processes.	Low	Medium	The action will selectively work with brands showing a genuine openness and willingness to consider their own role in driving change. The action will rely on these partners for access to a critical mass of suppliers for programme implementation. The action will also rely on the experience and ability of the implementing partners to engage with successful companies to improve their transparency and sustainability practices.
5 - risks related to communication and information	Capacity to mobilise EU expertise	Low	High	Networking with EITI and CONNEX Support Unit programmes
1 - risks related to the external environment	Political instability and security threats	Medium	High	Flexibility in the management of actions and close monitoring with EU Delegations
2 - risks related to planning, processes and systems	Lack of synergy with EU actions at national and regional levels	Low	Medium	Systematically involve EU Delegations in the countries

Lessons Learnt:

The experience and the support of the EU to the International Trade Centre Market Access Tool has provided valuable results in terms of facilitating up to date access to trade information. These tools enable business actors to identify export and import opportunities, compare market-access requirements, monitor national trade performance and make well-informed trade decisions. The Market Analysis Tools suite covers the world's largest databases on trade statistics, tariff data, and rules of origin related to applicable free trade agreements. Additional tools offer export potential estimations, market price information, regional trade and investment data and much more.

There are more than 1m registered accounts, USD 367 million in trade transactions were registered in 2019, with a cumulative actual value of approximately USD 1 billion by 2021. Since 2021, the Market Access Tool is also open

to EU registered businesses, facilitating further engagement and exchanges.

Previous actions on support to responsible mining, sustainable timber sourcing, and to the garment sector provide valuable experiences of how EU development cooperation can effectively accompany and reinforce regulatory measures at EU level on which this action will be built. A key lesson is to have a flexible and adaptive approach to the management of the action. Furthermore, we are currently working on pilot programmes and we consult with EU Member States in TEI on accompanying measures to share lessons learnt.

Lessons learnt related to garment and footwear sector:

- Private sector and other stakeholders are willing to collaborate to increase effectiveness and coordination of public, private, and multi-stakeholder relevant initiatives.
- Buyers believe there is a business case for participating in the action to improve traceability, transparency, and sustainability and will use their leverage to request commitment at the supplier level.
- Buyers have and keep leverage over factories they source from and are willing to further develop models of shared responsibility in a more transparent and efficient way.
- There will be continued sourcing from major buyers in the countries where the action takes place.

Lessons learnt related to raw materials sector:

- Importance of the EU comprehensive policy dialogue with the country linking public finance management (PFM) / domestic resource mobilisation (DRM) and to peace and security.
- The need for an effective multistakeholder approach in place between the government, the international organisations, the private sector and the civil society.
- The effective role of the EU Delegations in smoothing tensions and bringing forward solutions in occasion of EITI validations, as well as in following up and providing inputs into Connex related work.

Lessons learned from other Commission services' pilot project on 'sustainable value chains':

- Stronger outcomes can be supported by investing in building trust with, and among the constituents and basing interventions on shared understandings supply chain challenges and opportunities.
- Importance of flexibility in approach to planning activities and a less detailed results framework for adapting in an agile manner to global challenges (e.g. Covid-19) and changing national contexts (e.g. political).
- Well-planned communications can limit misunderstandings among stakeholders and increase project credibility. Laying strong foundations during the implementation phase, and scaling up communications when first results are available.
- Use of existing tools and frameworks, rather than 'reinventing the wheel'. Use of existing tools and materials to address capacity gaps quickly and effectively.
- The establishment of tripartite steering committees can prove to be critical to the success of the project and to advance decent work in the supply chain after the project ends.

3.5 The Intervention Logic

The overall objective of this action is to improve the sustainability and inclusiveness of value chains in partner countries and its adherence to environmental and human rights, including labour rights, standards and gender equality. The specific objectives are (1) To improve the adherence to environmental and human rights (incl. labour) standards by EU trading partners and incentivize and facilitate constructive engagement of companies active on the EU market with local producers and suppliers and social partners in developing countries, (2) To improve understanding of and capacity to enhance transparency and traceability along the global value chains (including garment and footwear, with possible links to leather and beef industry, and raw materials); and (3) To promote the responsible management and good governance of extractive resources in partner countries. The proposed action intends to provide methodologies, information, tools, guidance and networking support that will be relevant for: (1) helping supply chain actors implement and monitor their obligations under the Commission's Proposal for a Directive on CSDD; (2) facilitating access to affordable and relevant trade, market access and investment related data; and (3) providing a knowledge basis and coordination support for the programming and implementation of targeted accompanying support actions at country and regional level.

The action involves activities to monitor the impact and uptake of the EU Corporate Sustainability Due Diligence (CSDD) legislation and thereby provides the necessary evidence base for the design of effective actions to mitigate any adverse impacts on suppliers and producers in our partner countries, with a particular focus on MSMEs and smallholders. The action is also designed to address gaps identified in a recent mapping of existing EU-funded actions whose objectives and results are instrumental in accompanying the implementation of the Commission's Proposal for a Directive on CSDD.

The action will also continue to ensure that economic operators, institutions and policy makers have access to affordable trade, market access and investment related data, analytics and capacity building to help them make informed trade and investment decisions about what, where and how to export, and under the umbrella of the CSDD.

It will contribute to the establishment of a transparent level playing-field supported by predictable contract negotiations integrating CSDD requirements along the supply chain to support responsible investments along the mineral supply chain. This will be achieved by continuing the ongoing EU support to the Extractive Industries Transparency Initiative (EITI) and to the G7 CONNEX Support Unit Initiative, providing technical assistance to developing countries in contract negotiation of extractives.

3.6 Logical Framework Matrix

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

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact 1	To promote sustainable and inclusive value chains growth and employment in partner countries through the adherence to environmental and social standards	1. Average wage in the target sectors, Disaggregated by countries 2. Export of goods and services as percentage of GDP (SDG 1.15) (OPSYS core indicator) 3. Number of critical observations per each country by the core environmental, labour and human rights conventions and covenants ²⁷	TBD by latest end 2023	TBD by latest end 2023	1. and 2. National stat systems, WB stats 3. Convention, covenant bodies and country submissions, including alternative reports	<i>Not applicable</i>
Outcome 1	To improve the adherence to environmental and human rights (incl. labour) standards by EU trading partners and incentivize and facilitate trade and constructive engagement of companies active on the EU market with local producers and suppliers and social partners in developing countries	1.1. Number of trained interlocutors conducting monitoring of due diligence in the value chains of their countries 1.2. Number of certification schemes aligned with the due diligence principles / Corporate Sustainability Due Diligence (CSDD) legislation 1.3. Number of MSMEs that have accessed new markets thanks to the use of ITC market analysis tools, disaggregated by women owned enterprises, country, international business transaction, international investment.	1.1. 0 1.2. 0 1.3. 200	1.1. TBD by latest end 2023 1.2. TBD by latest end 2023 1.3. 300	1.1. Monitoring reports verified by the Action 1.2. Approval / decision of authorities or companies on the certification scheme 1.3. Agreements, contracts, investment and funding decisions	The positive momentum is maintained by countries' authorities follow-up and specific policies for green production, sustainable practices, prevention of forced or worst forms of labour, child labour

²⁷ As 'core' can be considered those conventions, covenants and protocols, which implementation and monitoring is included in the EU – Partner country trade agreement / regime (e.g. GSP/GSP+, FTA...)

Output 1 related to outcome 1	<p>Increased upstream supply chain actors in partner countries' capacity to implement EU horizontal and product specific due diligence legislation, lever improvements of labour and environmental standards and continue to participate in supply chains that access the European market</p>	<p>1.1.1. The status of the E-learning modules/programme on due diligence</p> <p>1.1.2. Number of country interlocutors trained on due diligence, disaggregated by country, sex – as applicable, type of organisation</p> <p>1.1.3 Number of certification schemes supported by the action to comply with the due diligence principles / Corporate Sustainability Due Diligence (CSDD) directive</p>	<p>1.1.1. Not existing</p> <p>1.1.2. 0</p> <p>1.1.3. 0</p>	<p>1.1.1. TBD by latest end 2023</p> <p>1.1.2. TBD by latest end 2023</p> <p>1.1.3. TBD by latest end 2023</p>		<p>Country stakeholders and interlocutors use the knowledge and experience to inform their monitoring and compliance strategies / approaches</p> <p>Authorities do seek for upgrading the certification schemes and harmonising with the CSDD</p>
Output 2 related to outcome 1	<p>Increased available, reliable and accessible data, a knowledge basis and coordination support for the programming and implementation of targeted accompanying measures at country and regional level, and provide access to affordable and reliable trade, market access and investment related gender sensitive data</p>	<p>1.2.1. Number of interlocutors accessing ITC market analysis tools with the support of the Action</p> <p>1.2.2. Number of beneficiaries with increased knowledge and skills related to international trade thanks to ITC market analysis tools, disaggregated by sex, country, business type and sector</p> <p>1.2.3. Status of on-line tools for information on trade data, market access, FDIs, and business (prices, procurement) information for MSMEs</p>	<p>1.2.1. Baseline: 200,000</p> <p>1.2.2. Baseline: 0</p> <p>1.2.3. On-line tools existed but lacked complete information in the mentioned domains</p>	<p>1.2.1. Yearly target: 250,000</p> <p>1.2.2. Yearly target: 200</p> <p>1.2.3. Updated and sufficient information for each domain</p>	<p>1.2.1. ITC Market Analysis Tools database</p> <p>1.2.2. Training report</p> <p>1.2.3. Progress reports verified by the Commission Operational Manager</p>	<p>The ITC tools, information and knowledge are used purposefully by the country interlocutors for accessing external markets more efficiently</p>

Outcome 2	To improve understanding of and capacity to enhance transparency and traceability along the global value chains (including garment and footwear, with possible links to leather and beef industry)	(UNECE) Number of representative of countries, companies and other key stakeholders engaging in the multi-stakeholder policy dialogue platform, disaggregated by country, institution and sex – as applicable	2.1. 0	2.1. TBC by early 2023 latest	2.1. Comprehensive reports from the project call for action & national action plans for sustainable consumption and production in the textile and leather industries.	Countries and companies will participate in UNECE- working group meetings, and in the multi-stakeholder policy dialogue platform and will provide information and share good practices in the context of the new framework initiative.
		2.2. (UNECE) Number of representatives of countries and companies applying the new set of policies, standards and guidelines	2.2. TBC by early 2023 latest	2.2. TBC by early 2023 latest	2.2. Reports from partner countries and companies	Partner countries and companies in all regions will voluntarily adopt, apply and report on the implementation of the new UNECE framework initiative
		2.3. (ITC) Number of producers, suppliers, consumers, and other key stakeholders connected through value chains via the Transparency and Traceability Tool	2.3. TBC by early 2023 latest	2.3. TBC by early 2023 latest	2.3. Internal tracking data from Tool and reports from partner countries and companies	Motivation of private sector partners in implementing transparency and traceability too
		2.4. (ITC) Number of countries and companies trained in applying voluntary sustainability standards (VSS), codes of conduct, audit protocols, and other sustainability methods	2.4. TBC by early 2023 latest	2.4. TBC by early 2023 latest	2.4. Action surveys and reports from partner countries and companies	Commitment of private sector partners and countries to voluntary sustainability standards (VSS) and sustainability trainings

Output 1 related to Outcome 2	(ITC): Data analysis and social/labour standard benchmarking to inform, harmonize, and support implementation of EU and private sector targets in transparency, traceability, and sustainability of garment and footwear value chains.	<p>2.1.1. Status of analytical reports developed based on the pool of social and labour data contained within the ITC transparency and traceability tool</p> <p>2.1.2. Number of standards and other social and labour sustainability schemes benchmarked against other prominent industry standards</p> <p>2.1.3. Number of policy makers and BSOs engaged in formulating solutions based on facility analytical reports and benchmarking data</p>	<p>2.1.1. No reports</p> <p>2.1.2. 0 standards benchmarked</p> <p>2.1.3. No policy makers and BSO</p>	<p>2.1.1. 2 analytical reports</p> <p>2.1.2. 5 standards benchmarked and reported on the industry platform</p> <p>2.1.3. 3 policy makers and BSOs</p>	<p>2.1.1. Reports' publications</p> <p>2.1.2. Benchmarking made visible on ITC's Sustainability Map and industry platform communications</p> <p>2.1.3. Project reports, discussion minutes with the policy makers and BSOs</p>	<p>Continued utilization and growth of the ITC Transparency and Traceability Tool.</p> <p>Continued cooperation of standards organisations.</p> <p>Continued cooperation of national policy makers and BSOs</p>
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Output 2 related to Outcome 2	(UNECE): The development of dedicated engagement strategies in priority countries for the garment and footwear industry, with the setting up of industry consortia for the uptake of the Toolbox and the development of a UN Traceability & Transparency Index to measure the level of traceability of products and materials	<p>2.2.1. Number of engagement plans on traceability and transparency of value chains in priority countries, disaggregated by country and value chain</p> <p>2.2.2. Number of companies in industry consortia to scale-up the UNECE toolbox for traceability and transparency</p> <p>2.2.3. The status of the assessment framework for the engagement plans</p>	<p>2.2.1. 0</p> <p>2.2.2. 0</p> <p>2.2.3. None traceability and transparency index</p>	<p>2.2.1. Engagement plans in 20 priority countries (Eurasia, Americas, Africa, Pacific regions) at field level</p>	2.2.1. Engagement plans and their discussion / presentation minutes	<p>Continued utilization and growth of the UNECE Transparency and Traceability Toolbox.</p> <p>Continued cooperation of governments and private companies, along with other key industry actors.</p>
				<p>2.2.2. TBD by early 2023 latest</p>	2.2.2. Companies' commitment to the establishment of the consortia and the implementation of the UNECE-ITC integrated approaches and tools	
				<p>Scaling up the approach and toolbox with industry consortia of up to 100 companies/industry actors and their supply chain actors/partners (in full or in part), with the integration of the UNECE and ITC due diligence, traceability and audit convergence approaches and tools (including MSMEs) to build capacity</p>	2.2.3. UN Traceability & Transparency Index adopted by the UN/CEFACT working party	

Outcome 3	To promote the sustainable management of extractive resources in partner countries	<p>Increase portion of GDP relevant to extractive sector</p> <p>Foreign Direct Investments inflows as percent of GDP relevant to the extractive sector in the beneficiary countries compliant with ESG requirements</p> <p>3.1. Number of EITI implementing countries</p> <p>3.2. Number of outreached countries</p> <p>3.3. Number of countries requesting additional assistance by the CONNEX Support Unit</p> <p>3.4. Number of countries sharing information on the results of negotiations on extractive industries</p>	<p>3.1. 56</p> <p>3.2. 20</p> <p>3.3. 0</p> <p>3.4. 0</p>	<p>3.1. TBD by early 2023 latest</p> <p>3.2. TBD by early 2023 latest</p> <p>3.3. TBD by early 2023 latest</p> <p>3.4. TBD by early 2023 latest</p>	<p>EITI reporting</p> <p>CONNEX Support Unit reporting</p> <p>3.1. – 3.2. EITI implementation reports by the countries</p> <p>3.3. CONNEX Support Unit</p> <p>3.4. Sharing messages</p>	Countries and companies are open to disclose information
Output 1 related to Outcome 3	National governments, private sector actors and civil society are better equipped to implement and monitor global transparency standards on sustainable management of non-renewable natural resources (oil, gas and mineral resources) in developing countries as part of the investment climate.	<p>Number of EITI implementing countries</p> <p>Number of outreached countries</p> <p>3.1.1. Number of countries with draft action plans to implement EITI with the support of the Action, disaggregated by country</p> <p>3.1.2. Number of countries with draft organisational set-up and draft external monitoring framework (CSOs, research and development agencies, donors) with the support of the Action, disaggregated by country</p>	<p>3.1.1. 0</p> <p>3.1.2. 0</p>	<p>3.1.1. TBD by early 2023 latest</p> <p>3.1.2. TBD by early 2023 latest</p>	<p>3.1.1. Draft action plans and their discussion minutes</p> <p>3.1.2. Draft charters and organisational descriptions, a draft procedure for external monitoring</p>	<p>Multistakeholder group able to work</p> <p>EITI secretariat capable to support EITI implementing countries and outreaching new countries</p>

Output 2 related to Outcome 3	<p>Developing countries and emerging economies are empowered to increase the developmental benefits of mining and infrastructure investments through direct negotiation support, capacity development of negotiation teams, and the use of lessons learned.</p>	<p>3.2.1. No of countries supported by CONNEX Support Unit for pre-negotiation, negotiation or renegotiation support, inclusive of support for ESG requirements by this Action.</p> <p>3.2.2. Number of stakeholders coached during negotiations with support of this action disaggregated by country, sex and institution of participants</p>	<p>Baseline TBD by early 2023 latest</p> <p>3.2.1. 0</p> <p>3.2.2. 0</p>	<p>3.2.1. Indicatively 4 new countries / year receiving CONNEX Support Unit support in contracts</p> <p>3.2.2. TBD by early 2023 latest</p>	<p>3.2.1. CONNEX Support Unit reports</p> <p>3.2.2. Training reports, progress reports</p>	<p>Under condition of national commitment by the authorities to adopt CONNEX Support Unit procedures</p>
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4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude financing agreements with 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 60 months from the date of the 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 measures²⁸.

4.3.1 Direct Management (Grants)

Related to part of Specific Objective 3:

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Association for the Extractive Industries Transparency Initiative (EITI), represented by the International Secretariat, based in Oslo, Norway.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the action has specific characteristics requiring a specific type of beneficiary (EITI) for its technical competence, specialisation or administrative power or nature of the action (Article 195 (c) and (f) of the Financial regulation) which in this case also exerts a factual monopoly in setting and verifying the implementation of EITI standard in the extractive sector in the EITI member countries.

The beneficiary is registered as a non-profit association under the Norwegian law, exerts the International Secretariat of the EITI Association which is an international multi-stakeholder initiative with participation of representatives from governments and their agencies, oil, gas and mining companies, institutional investors and local civil society groups and international non-governmental organisations with the objective to make the EITI Principles and the EITI Requirements the internationally accepted standard for transparency in the extractive sector. The essential award criteria to the EITI are relevance to the objectives design, effectiveness, feasibility, sustainability and cost-effectiveness of the action

4.3.2 Indirect Management with a pillar assessed entity

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

Related to Specific Objective 1:

International Organisations with a relevant mandate in Responsible Business Conduct. In view of the specific expertise needed for the elements of the SO upstream supply chain actors are capacitated to utilise the EU horizontal and product-specific due diligence legislation it is envisaged that the action may be implemented by

²⁸ 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.

several International Organisations either in consortium or as individual contracts.

Related to Specific Objective 2:

UNECE and ITC are selected for the implementation of Outputs under Specific Objective 2. Selected entities are already involved in project enhancing transparency and traceability of sustainable value chains in the garment and footwear industry that was previously supported by the EU29 and which brings promising results. The project builds on the specialized work of and technical expertise of the International Trade Centre (ITC, an agency of the WTO/UN) as well as in the United Nations Centre for Trade Facilitation and eBusiness on traceability of value chains (UN/CEFACT - an intergovernmental body of the UNECE with global membership that develops global UN policies and standards).

Implementation by UNECE is justified because its UN/CEFACT specific and technical expertise is proven as it has already developed a similar framework to design traceability for sustainable trade, along with traceability standards and guidelines for the animal, plant and fish value chains.

Implementation by ITC is justified because the action has specific characteristics that require the ITC on account of its technical competence and its high degree of specialization. This implementation entails the updating, maintenance, further development of functionalities and services of market information tools available free of charge and available as public good.

Related to part of Specific Objective 3:

Part of the SO3 of this action may be implemented in indirect management with EU Member State agency Gesellschaft für Internationalen Zusammenarbeit (GIZ), that is in charge of the operational management of the CONNEX Support Unit.

This implementation entails supporting partner countries' governments on domestic resource mobilisation (DRM) in extractive sector by providing assistance to developing countries and emerging economies governments in mineral-rich countries on complex contractual relations and negotiations, thereby ensuring a better deal for DRM and economic sustainability in this important sector in particular for African GDP.

The envisaged entity has been selected using the following criteria: (i) CONNEX Support Unit is managed by GIZ; (ii) CONNEX Support Unit's work is guided by an International Advisory Committee and a Secretariat is responsible for its day-to-day activities, including the implementation of support activities; (iii) CONNEX Support Unit provides independent, high-quality, demand-oriented, multi-disciplinary and rapid support to governments of developing countries and transition economies during the negotiation of large-scale, complex investment contracts in the extractive sector; (iv) CONNEX Support Unit's experts are highly qualified leaders with rich track records in providing advisory services to governments, especially in contract negotiation, and come from a variety of disciplines necessary to the successful negotiation of complex investment contracts; (v) the widespread network is very instrumental for implementation and will enhance impact and sustainability at country level; and (vi) it will increase aid effectiveness.

The specific institutional and organisational set-ups and responsibilities of the various components are presented in the following paragraphs.

CONNEX Support Unit was established in 2017 by the German Federal Ministry for Economic Cooperation and Development, it is based in Berlin and is currently managed by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The CONNEX Support Unit is the implementation body of the G7 CONNEX Initiative. An International Advisory Committee guides the CONNEX Support Unit's work. The CONNEX Support Unit provides technical assistance to governments of developing and transition economies in negotiating or renegotiating large-scale, complex investment contracts, initially focusing on the extractive sector. A Secretariat is responsible for its day-to-day activities, including the implementation of support activities. CONNEX Support Unit extends a standing invitation to representatives of governments of developing countries and transition economies facing ongoing or upcoming negotiation. Government representatives as well as private sector entities and civil society organisations are invited to join the dialogue through the CONNEX Support Unit Negotiation Support Forum, in the past organised by the OECD. Also, a Code of Conduct for the provision of independent advice on resource contracts was adopted, and a series of

pilot projects was launched on the assignment of experts in the field in resource-rich developing countries.

Exception to the non-retroactivity of costs

The Commission authorises that the costs incurred may be recognised as eligible as of 1st June 2022, in order to make possible the delivery of CONNEX support to those countries who have already made their request for support, even if this would be prior to the approval of the Commission Financing Decision.

4.4 Scope of geographical eligibility for procurement and grants

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

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

4.5 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Indirect management with international organisations on Specific Objective 1 – cf. section 4.3.2	15 300 000
Indirect management with international organisations on Specific Objective 2 – cf. section 4.3.2	1 700 000
Indirect management with international organisations on Specific Objective 3 – cf. section 4.3.2	2 500 000
Direct management (grants) – cf. section 4.3.1 Objective 3	2 500 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	may be covered by another decision
Contingencies	N.A.
Totals	22 000 000

4.6 Organisational Set-up and Responsibilities

This action will be implemented through different contracts with international organisations. Each contract will clearly define the organisational setup that will govern the implementation. Key stakeholders for each of the outcomes will be duly involved in the steering committees to be set-up.

The Commission will be an active partner in all the steering committees. The role, responsibilities and mandate of the Commission will be further defined in each steering committee, taking into account the result and outcome to be achieved as well as the added value of the Commission. Relevant Commission services as well as EU Delegations can be also invited to be part of the Steering Committee should it be required for the good implementation of the action. Respective Commission Directorate-General, as contracting authority of this action, will be directly involved in the steering committee.

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.

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.

Gender equality and the human rights based approach will be mainstreamed into the monitoring and evaluation of the project and that indicators will be sex-disaggregated and disaggregated by other relevant aspects whenever possible.

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).

5.2 Evaluation

Having regard to the nature of the action, a final evaluation will not be carried out for this action or its components. The Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination³⁰. 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 has adopted a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

Action documents for specific sector programmes are no longer required to include a provision for communication and visibility actions promoting the programmes concerned.

However, in line with Article 46 and subject to Article 47 of the NDICI Regulation, all entities implementing EU-funded external actions shall take all reasonable measures to publicise the European Union support. 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.

³⁰ See best [practice of evaluation dissemination](#)

Appendix: REPORTING IN OPSYS

An Intervention (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: ‘a given contract can only contribute to one primary intervention and not more than one’. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a ‘support entities’. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present action identifies as:

Contract level		
<input checked="" type="checkbox"/>	Group of contracts	EUR 15.3 million contracts with ILO, OECD and ITC on Objective 1 EUR 1.7 million contracts with UNECE and ITC on Objective 2 EUR 5 million contracts with EITI and GIZ on Objective 3