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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX III

to the Commission Implementing Decision on the financing of the 2023 annual action plan part II in favour of the Regional South Neighbourhood

Action Document for Support to Sustainable Trade

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan/measure in the sense of Article 23(2) of NDICI-Global Europe Regulation

1. SYNOPSIS

1.1. Action Summary Table

1. Title OPSYS Basic Act	Support to Sustainable Trade 2023 annual action plan part II in favour of the Regional South Neighbourhood OPSYS business reference: ACT-61715 ABAC Commitment level 1 number: JAD.1158389 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Economic and Investment Plan (EIP)	Yes
EIP Flagship	Yes 5 – Connected economies 6 – Inclusive economies 7 – Digital transformation, research, and innovation.
3. Team Europe Initiative	Yes Contribution to the Regional TEI “Jobs through Trade and Investment”
4. Beneficiar(y)/(ies) of the action	The action shall be carried out in the Southern Neighbourhood countries: Algeria, Egypt, Israel ⁽¹⁾ , Jordan, Lebanon, Libya, Morocco, Palestine ⁽²⁾ , Syria ⁽³⁾ and Tunisia.

¹ See Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards on [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013XC0719\(03\)&from=en](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013XC0719(03)&from=en).

² This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

³ Co-operation with the Government of Syria suspended since 2011.

5. Programming document	Multi-annual Indicative programme for the Southern Neighbourhood (2021-2027) ⁴			
6. Link with relevant MIP(s) objectives/expected results	MIP Priority Area 2 “Strengthen resilience, build prosperity and seize the digital transition”. Specific Objective 2 “Facilitate regional economic integration through trade, sustainable investment and connectivity”			
PRIORITY AREAS AND SECTOR INFORMATION				
7. Priority Area(s), sectors	331 Trade Policy & Regulations 151 Government & Civil Society – general 160 Other Social Infrastructure & Services			
8. 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 9: “Industry, Innovation and Infrastructure” SDG 10: “Reduced inequalities”			
9. DAC code(s)	33120 – Trade facilitation 40% 16020 – Employment creation 20% 25010 – Business Policy and Administration 20% 32130 – Small and medium-sized enterprises (SME) development 20%			
10. Main Delivery Channel	47000 – Other Multilateral Organisations 50000 – Others			
11. Targets	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
12. 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"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input 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"/>

⁴ Commission Implementing Decision C(2021)9399 of 16.12.2021 on a Multi-Annual Indicative Programme for the Southern Neighbourhood.

	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	EIP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	EIP Flagship	YES <input checked="" type="checkbox"/>		NO <input type="checkbox"/>
	Tags	YES		NO
	transport	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	energy	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	environment, climate resilience	<input type="checkbox"/>		<input checked="" type="checkbox"/>
	digital	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	economic development (incl. private sector, trade and macroeconomic support)	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	human development (incl. human capital and youth)	<input checked="" type="checkbox"/>		<input type="checkbox"/>
health resilience	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
migration and mobility	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
other	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Tags	YES		NO	
digital connectivity	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
digital governance	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
digital entrepreneurship	<input checked="" type="checkbox"/>		<input type="checkbox"/>	
digital skills/literacy	<input checked="" type="checkbox"/>		<input type="checkbox"/>	
digital services	<input checked="" type="checkbox"/>		<input type="checkbox"/>	
<u>Connectivity</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Tags	YES		NO	

	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION

14. Amounts concerned	Budget line(s) (article, item): 14.020110 Southern Neighbourhood Total estimated cost: EUR 12 000 000 Total amount of EU budget contribution: EUR 12 000 000
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MANAGEMENT AND IMPLEMENTATION

15. Implementation modalities (management mode and delivery methods)	Indirect management with the International Labour Organization (ILO) and the entities to be selected in accordance with the criteria set out in section 4.3.1
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1.2. Summary of the Action

The present action reflects the EU priorities under the **Joint Communication on a Renewed Partnership with the Southern Neighbourhood**⁵ and its **Economic and Investment Plan (EIP)**⁶. The objectives of the action are also aligned with the Union for the Mediterranean (UfM) political framework.

This action implements the Multi-Annual Indicative Programme for the Southern Neighbourhood (2021-2027)⁷ under its Priority Area 2 “Strengthen resilience, build prosperity and seize the digital transition”. It contributes to the EIP flagship 5: Connected economies, EIP flagship 6: Inclusive economies, EIP Flagship 7: Digital transformation, research, and innovation, and to the regional Team Europe Initiative “Jobs through Trade and Investment”.

It aims to contribute to decent job creation through sustainable trade i.e. supporting sustainable development by taking into account the social, economic, and environmental dimensions of trade in the Southern Neighbourhood. In order to achieve this, the approach is two-fold: firstly, support the development and implementation of trade and investment policies that factor in job creation. Secondly, promote digital trade and e-commerce to enhance new business opportunities and promote regional economic integration in the Southern Neighbourhood. It contributes to the priorities identified during the UfM Trade including on the clean tech front, as well as Employment and Labour Ministerial meetings, capitalises on the recommendations of the OECD-UfM study on regional integration, and supports the implementation of the regional Team Europe Initiative (TEI) on “Jobs through Trade and Investment”.

The action amounts to a total of EUR 12 million and consists of two separate but related components:

⁵ JOIN (2021) 2 final of 09.02.2021

⁶ SWD(2021) 23 final

⁷ C(2021) 9399 final

- 1) Mainstreaming Employment into Sustainable Trade (EUR 6 million) in cooperation with the International Labour Organisation. This builds on the successful experience from a previous phase.
- 2) Enhancing e-commerce and digital trade in the Southern Neighbourhood (EUR 6 million) with a focus on support to e-commerce strategies of partner countries, the harmonisation of legal frameworks, and piloting actions in the field of e-commerce, both with the public and private sectors.

1.3. Beneficiar(y)/(ies) of the action

The action shall be carried out in Algeria, Egypt, Israel (⁸), Jordan, Lebanon, Libya, Morocco, Palestine (⁹), Syria (¹⁰) and Tunisia, out of which only Israel is not included in the list of ODA (Official Development Assistance) recipients.

2. RATIONALE

2.1. Context

The Southern Neighbourhood (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine¹¹, and Tunisia) is constrained by poor regional economic integration, high unemployment, volatile economic growth, which has been insufficient to deal with the rapidly expanding work force in the past decades, and low levels of trade and investment, including within the region, as compared to other regions in the world.

The **EU Trade Policy Review** Communication adopted in February 2021 recognised the need for an open, sustainable and assertive trade policy allowing for an upgrading of trade relations with the Southern Neighbourhood to foster strategic interdependencies, to integrate industrial value chains, in particular in the clean tech sector, and to develop win-win integration initiatives. Trade and investment have been identified as areas of opportunity for the Southern Neighbourhood, both for sustainable economic growth and regional integration. Furthermore, given the lack of economic integration in the region, digital trade was identified as an area that could unlock opportunities for development in the Union for the Mediterranean report on regional integration.

The benefit of regional action on the topic is four-fold: firstly, it allows to pilot initiatives on new themes in order to assess engagement at the country level; secondly, it fosters exchange and dialogue across the region; thirdly, it sets the groundwork for regulatory convergence on sectors of interest to the EU; and last, addressing the digitalisation of trade on a regional level offers the most promising approach, since its success is contingent on the transnational interoperability of technical and legal environments.

Sustainable trade and investment as well as the digital transition are priorities of the European Unions' external action and align with the EU strategic objectives for the South Mediterranean region. These priorities are reaffirmed in the *Joint Communication on a Renewed Partnership with the Southern Neighbourhood – A New Agenda for the Mediterranean*, notably policy area 2 – “Strengthening resilience, building prosperity and seizing the digital transition”. They are also reflected in the **Economic and Investment Plan (EIP)** and the regional activities linked to flagships #5 (connected economies), #6 (inclusive economies) and, #7 (digital transformation, research, and innovation).

⁸ See Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards on [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013XC0719\(03\)&from=en](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013XC0719(03)&from=en).

⁹ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

¹⁰ Co-operation with the Government of Syria suspended since 2011.

¹¹ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

The regional **Multi-Annual Indicative Programme (MIP)** for the Neighbourhood South foresees a specific objective to facilitate regional economic integration through trade, sustainable investment, and digitalisation. It also gives **special attention to decent job creation**, which should be addressed, from design to implementation of trade and investment policies. More specifically, in line with MIP Priority Area 2 “Strengthen resilience, build prosperity and seize the digital transition”, the action supports decent job creation through trade and investment policies as well as digitalisation enhancing **regional economic and industrial value chain integration in the Southern Neighbourhood**.

This action also contributes to the **regional Team Europe Initiative (TEI): “Jobs through Trade and Investment in the Southern Neighbourhood”**, which involves France, Germany, Italy, Spain, Sweden, the European Training Foundation (ETF), the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). The TEI’s objective is to better focus trade, investment and entrepreneurship policies and promotion instruments towards their impact on creating decent jobs. Strong synergies exist between trade, investment and employment with the green and digital transitions.

The action also reflects the **policy priorities in the region through the Union for the Mediterranean (UfM)** as job creation, clean tech investment, trade and investment facilitation as well as the digital economy represent shared interests by the 42 UfM Member countries. These issues emerged as priority areas in the UfM Business Forum (November 2022), UfM Trade Platform (December 2022) and they are key elements of the Ministerial Declaration, which will be presented during the UfM Trade Ministerial (October 2023). Moreover, this action is in line with the UfM Ministerial Declaration on Labour and Employment, approved on 18 May 2022.

This intervention with the objective of promoting policy reforms at regional level brings an added value building on the past and current initiatives implemented within the EU, notably on digitalisation with the Eastern Partnership (EU4Digital Facility) as well as on upcoming programmes in the Sub-Saharan Africa region covering the continental approach to trade under the Africa Continental Free Trade Areas (AfCFTA). Furthermore, it picks up on the work carried out in the multilateral arena through the World Trade Organization (WTO) since 1998 with the Work Programme on electronic commerce, which has been supplemented by the Joint Initiative on E-commerce in 2017, currently supported by 88 members (of which, so far, none is from the Southern Neighbourhood).

2.2. Problem Analysis

The overarching issue of the region is unemployment and the lack of decent work opportunities, which particularly affects young people and women. According to UNICEF, around 55% of the regional population is today under the age of 30 and the number of young people under the age of 15 is forecast to increase by 20% by 2024. Youth unemployment in MENA is currently the highest in the world with an average youth unemployment rate of 30-40% and almost of 50% for young women. The high unemployment rates remain a key social, economic and stability challenge as job creation has remained concentrated in low-paying and low-productivity sub-sectors, in narrow geographic clusters and in the expanding informal economy. At the same time, the Southern Mediterranean has a big potential for job creation in new and promising sectors, such as clean tech. The region is more dependent on fossil energy sources (92%) than the Northern Mediterranean (65%). Over time, if untapped, the Southern Mediterranean’s potential may turn the region into a net renewable energy exporter, but this will require accelerating and scaling up renewable energy and clean tech investment in the region in line with a Net-Zero Emissions target. The Observatoire Méditerranéen de l’Energie estimates 2 trillion euros investment between 2022 and 2030, and more than 6.7 trillion euros to reach carbon neutrality in 2050. It is therefore important to integrate employment issues into trade and investment, including clean tech policies, creating employment opportunities in sustainable growth sectors furthering the energy transition, and to promote digital trade across the region to exploit untapped opportunities for diversification and job creation.

Component 1: Mainstreaming Employment into Sustainable Trade

The failure to exploit intra-regional trade and the insufficient integration into global value chains contributes to high unemployment. The MENA region constitutes for only 1% of global trade (aside from oil), with non-fuel exports averaging approximately 20% of GDP for these countries – far below the international average. The poor trade performance was exacerbated by the COVID-19 pandemic and the effects of the Russian aggression against Ukraine on commodity markets. Trade remains oriented mainly towards Europe and other regions while intra-regional trade is comparatively underdeveloped, with only 13% of exports and 15% of imports being traded in the MENA region right before the pandemic.

Nevertheless, the ramifications of the pandemic, the energy transition imperatives and geopolitical competition on supply chains may offer opportunities for the Southern Neighbourhood region. As European and other international companies will look not only to more competitive but also geographically closer manufacturing markets, in particular in the clean tech sector underpinning the energy transition, the Southern Neighbourhood has a big potential to gain thanks to its location and its vast young labour force. With the right design of employment policies that factor in the regional strengths and an alignment of MENA countries' regulatory frameworks with those of the EU, the Southern Neighbourhood could enhance its integration in European and global value chains.

Furthermore, the scarcity of quality data and statistics on trade, investment, and employment (and their interconnection), limited institutional capacity for assessing and analysing impact of trade on employment and job creation and insufficient and unstructured public-private dialogues are the result of the neglected trade-oriented employment policies. Addressing these issues can improve the design and implementation of national and sectoral policies and foster the development of inter- and intra-regional value chains. This could ultimately lead to an associated decent job creation.

Component 2: Enhancing e-commerce and digital trade in the Southern Neighbourhood

The digitalisation of the economy represents one of the most pressing challenges in the region. The COVID-19 pandemic has forced many businesses in an abrupt and unstructured manner to adapt to e-commerce, which is now a fast-growing industry and has generated \$48.6 billion last year (up from \$28.6 billion in 2018 and \$34.69 billion in 2019)¹². Today, the sector faces many challenges due to the lack of or incomplete national frameworks for digital trade, resulting in unjustified trade barriers, legal uncertainty for businesses operating online, and subpar consumer protection. Furthermore, there is a lack of cooperation at the political level among countries to create technical standards that allow for the digital interoperability of national economies, e.g. through interoperable systems for e-signatures, e-payments or digitalised warehouse operations. Moreover, there is still a lack of awareness of and trust in using digital tools to do business and pay by the majority of MSMEs, despite the recent surge in e-commerce activities. Addressing this lack of awareness and the interoperability of technical standards and legal frameworks could have a significant positive impact on the region's economic integration and business activity.

A wide array of studies from experts and international institutions like the WTO or UNDP have shown the exceptional potential of e-commerce and digital trade offer to MSMEs, women- and youth-led businesses thanks to the lowering of barriers to economic participation.

Therefore, it is key to support an e-commerce ecosystem with coherent legal frameworks, digital skills, citizens' readiness, and e-commerce technologies. To that end, it is crucial to work on the harmonisation of legal frameworks among the different Southern Neighbourhood countries and the EU, together with the adoption of EU best practices to support the proper development of the region in this field. There is a strong need from the national authorities to create national strategies which regulate in-country dynamics and to link them both at the regional level and with the EU. To do this, stakeholders in the region need technical assistance to develop strategies and regulations related to e-commerce, develop capacity-building platforms for

¹² <https://www.goacommerce.com/e-commerce-in-the-mena-region-evolution-and-challenges/>

regulators, foster regional public-private dialogues on digital policies, and promote the use of e-commerce by the private sector. The outcomes and the information provided by successfully implemented programmes, such as the Trade and Investment Facilitation Mechanism (TIFM I and II) and EBSOMED, the creation respectively of the Euromed Trade Helpdesk and Business Country Desk Helpdesk, as well as the key tool Access2Markets developed by DG TRADE, should be taken into consideration as these tools will contribute to support the development of e-commerce and digital trade systems in the Southern Neighbourhood. On the business side, there has long been reluctance towards or lack of awareness about digital tools' potential to boost business activity and cross-border trade, combined with a strong reliance of the economy on cash. The pandemic has been a disruptive moment in that regard, as it incentivised businesses to overcome this. However, there is still a significant backlog to the rest of the world with regards to skills and the systematic use of existing digital tools. It is key to use the momentum and support the Southern Neighbourhood's private sector in the transition to a more digitalised economy. On the consumers' side, there is a need to improve people's understanding to increase trust in e-commerce platforms and tools.

Against this background, the EU's various regulations and frameworks (e.g. GDPR, and EU VAT e-commerce package) offer effective best practice examples and were accordingly adopted by governments across the globe; however, they only rarely found their way into legal initiatives in MENA countries (e.g. GDPR in Egypt). Using successful examples of regulations that have proven effective and sustainable offer an easy and low-cost option to upgrade the Southern Neighbourhood's regulatory frameworks. A realistic approach needs to be adopted to work in variable constellations and develop pilots with willing and interested countries, given the low traction for regional convergence.

Finally, while considering the benefits from the development of e-commerce and digital trade in the region, it is also relevant to underline that this must be done in line with the respect of specific environmental issues linked to digitalisation development, such as GHG emissions, air pollution, and waste production (e.g. packaging). Therefore, the relevant environmental issues will be addressed when supporting development of e-commerce and trade in the beneficiary countries.

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

Component 1 targets key stakeholders that remain the same as during phase I of the project: ministries responsible for trade and investment, labour, agriculture, industry, finance, economic policy planning, environment; employer confederations and workers associations. The region needs a shared understanding among key stakeholders, such as policy makers and social partners, about the positive interaction between sectoral, trade and employment policies and the elaboration of a policy framework allowing sectoral and trade and investment policies to be formulated and implemented in a coherent way aiming at job creation and inclusive growth, notably in sustainable growth sectors such as clean tech.

For **Component 2**, the main stakeholders will be institutional authorities and administrations in charge of digital, trade and business climate policies; policy makers from the ministries of trade/commerce, responsible for digital transformation, industry and other line ministries involved in digital reform and consumer protection; as well as relevant national agencies for digital promotion, trade promotion (export promotion agencies), national and regional chambers of commerce. Moreover, the private sector, digital and economic operators and business associations are important stakeholders, as their participation increases the programme's legitimacy and ensures that promoted frameworks and reforms are well-targeted on the private sector's needs and demands.

2.3. Lessons Learned

The current action builds on DG TRADE 2021 “Ex-post evaluation of the impact of trade chapters of the Euro-Mediterranean Association Agreements with six partners” and ongoing regional programmes and their independent evaluations, including:

- “Mainstreaming Employment into Trade and Investment” (**METI**), which aims at enabling policy makers in the Southern Neighbourhood to incorporate employment issues into trade and investment policies to ultimately optimise the quantity and quality of employment created in the region.
- “Enhancing Business Support Organisations and Business networks in the Southern Neighbourhood” (**EBSOMED**), which reinforces business support organisations’ management capacity and efficiency, particularly in support to SMEs’ internationalisation.
- The **MED MSMEs** programme that supports an enabling business environment for MSME development and financial inclusion in the Southern Mediterranean partner countries.
- The “Trade and Investment Facilitation Mechanism I and II programmes” (**TIFM I and TIFM II**) that created the Euromed Trade Helpdesk, an on-line one-stop portal, and expanded its scope to cover services and investment.
- The **STRENGTHEN 2** project which focused on job creation through investments. Launched in August 2020, the project is a strategic partnership with the ILO, with the overall goal of leveraging employment impact assessments to promote the creation of more and better jobs in sub-Saharan African countries.

Further, it takes into account ongoing bilateral programmes, including:

- “EU-ILO collaboration in the monitoring of labour aspects in the implementation of the EU’s rules of origin for Jordan – phase II”, aiming at an integrated approach to the decent work dimension of the Syrian crisis and employment of Jordanians and Syrian refugees in sectors exporting to the EU.
- “Appui à l’élaboration de la stratégie nationale du commerce électronique et au processus de migration vers le protocole IPV6 au Maroc” that supports the Moroccan Ministry of Commerce in the adoption of the IPV6 protocol.
- “Appui technique au renforcement des capacités de régulation du secteur postal”, which aims at modernising the Moroccan postal sector.
- “Strengthening the Administrative and Operational Capacities of the Egyptian Customs Authority” that supports the gradual harmonisation of Egyptian customs legislation and practices with relevant EU standards and best practices.
- “European Union for Private Sector in Libya (EU4PSL)” that works on improving the Libyan business environment for the private sector to create job opportunities for youth and women.
- Project on Industrie 4.0 with GIZ in the context of the programme PACE in Tunisia.
- Programmes currently under planning: “EU support to Digital Transformation in Egypt (EL RAKAMIA)”, worth EUR 10 million; and “Digital4people/Programme d’appui à la digitalisation en Tunisie”, a large digitalisation programme of up to EUR 50 million.

It also builds on lessons learnt from bilateral private sector and innovation programmes, covering digitalisation only partly (e.g. “Appui à l’inclusion financière au Maroc”, which includes the promotion of fintech and mobile payment solutions), as well as cluster development and aid-for-trade programmes, which support the development of sound policies in innovative sectors.

Furthermore, the action will coordinate and cooperate with ongoing and future NDICI actions of the Commission in Sub-Saharan Africa. In particular, the action builds on the “Africa Trade Competitiveness and Market Access” and “Trade and Transport Facilitation Measures for Strategic Corridors in Africa” regional programme.

At the same time, the second component of this action will also align and find synergies with a future NDICI action on e-commerce and e-payments in Sub-Saharan Africa by the Commission.

The second component of this action also builds on the lessons learnt from the EU4Digital Facility implemented in the Eastern Partnership which piloted programmes on e-trade such as on e-commerce, e-signature, e-payments, and they had positive results which led to the launch of a phase II of the facility.

Moreover, the action will also promote complementarity and synergies with projects funded under the 2021-2027 Interreg NEXT MED and Interreg NEXT Italy-Tunisia cooperation programmes in the Mediterranean Sea Basin.

Regarding **Component 1**, the METI programme and the nexus between jobs, trade and investment, lessons learnt are the following: 1) Based on the work of the Policy Working Groups (PWGs) it is important to bring together stakeholders, who would otherwise not necessarily engage in discussion about the impact of trade and investment policies on employment; sustainability of such dialogue structures should be further enhanced. 2) The alignment with national priorities and existing labour strategies is very important to avoid the creation of parallel structures. 3) Applying a data-driven approach for the identification of priority sectors is a considerable time investment but yields positive results. Complementing the quantitative analysis with qualitative assessments and the expertise of the PWG added considerable value to an informed decision-making process. 4) Regional value chains based on regional complementarities are a great opportunity to intensify trade, upgrade in the value chain, reduce dependencies, increase resilience and support the Euro-Mediterranean energy transition. Despite its huge potential to create more and better jobs, regional value chains are still largely underdeveloped. 5) There are considerable knowledge gaps regarding the availability and application of tools to identify and untap the related potential, as well as regarding the translation of these findings into national employment strategies. Targeted training for technical specialists can narrow this gap and building the capacity of trainers can further leverage the reach and impact. 6) The METI approach sparked great interest in other countries of the region. Broadening and deepening METI's scope in the region could support national development objectives and foster regional integration.

Regarding **Component 2**, there is currently no experience with a digital trade programme covering the whole region, while there are some bilateral projects working on selected components of e-commerce and digital trade only. In contrast, in the Eastern Neighbourhood there has been a positive impact with the EU4Digital Facility and its different pilot programmes, including one on e-commerce. The facility has recently started a second phase incorporating lessons which are also relevant for this action on e-commerce and digital trade. Particularly, 1) for implementing pilots in the region, it has proven successful to start small and scale up later to first prove the concept and then to adopt the piloted solution gradually (also through bilateral envelopes); 2) Plan enough time for activities implementation as they are complex due to the need to mobilise multiple stakeholders, decision making on the regional level, consultations, and dependencies with ongoing activities; 3) Involving thematic counterparts, line DGs and EU Delegations is crucial; 4) Government and local stakeholders' involvement and commitment are key as coordination and ownership will continue at national level; 5) Expert Networks should be established as part of an established governance structure as e-commerce needs experts who have already performed similar activities; 6) It is important to maintain a regional perspective when addressing the single needs of the different countries, and at the same time keeping synergies with EUDs and other stakeholders.

3. DESCRIPTION OF THE ACTION

3.1. Objectives, Expected Outcomes and Outputs, and Indicative Activities

The **Overall Objective (Impact)** of this action is to promote decent job creation through sustainable trade in the Southern Neighbourhood.

Component 1: “Mainstreaming Employment into Sustainable Trade” aims to design and implement trade and investment policies and measures that contribute to sustainable growth and optimise the quantity and quality of employment created, in particular for women and youth, and MSMEs.

The **Expected Outcomes** are:

- *Outcome 1:* Government officials, social partners and other relevant stakeholders are aware of the important interplay between employment, trade, investment and sustainable growth, and enabled to factor the employment effects of trade and investment into policy design and implementation, and to assess their impact.
- *Outcome 2:* Sectoral action plans for the development of export-oriented sustainable value chains and industries, including the clean tech sector, which harness the employment potential, strengthen untapped export potential, support the upgrading in the value chain and foster regional integration, are designed and agreed with national stakeholders.
- *Outcome 3:* Innovative and effective interventions are identified and piloted to strengthen critical functions along selected value chains in order to enable the creation of more and better jobs.

The **Expected Outputs** to be delivered by **Component 1:**

- *Output 1.1:* The exchange of knowledge and good practice approaches among policy makers across the region on how to align trade, investment and industrial policies with employment objectives is enhanced.
- *Output 1.2:* Technical experts from governments, social partners’ organisations and other relevant stakeholders are equipped with the tools and knowledge to better incorporate employment issues into trade, investment and industrial policies.
- *Output 2.1:* Social dialogue and policy coordination are strengthened through the establishment of national Policy Working Groups (PWGs).
- *Output 2.2:* Participants of PWGs are given the tools to analyse data and information and make recommendations on their sector selection.
- *Output 2.3:* The employment impact of related policy interventions is assessed to possibly inform the articulation and design of future policy design.
- *Output 3.1:* Joint action plans, which address trade- and investment-related bottlenecks, are compiled for selected sustainability-driven sectors such as clean tech to pilot actions for the creation of more and better jobs.
- *Output 3.2:* Employers (in particular MSMEs and/or employer associations) in selected sustainability-driven sectors such as clean tech are supported to identify opportunities, overcome trade obstacles, upgrade in the value chain, improve the quality and sustainability of their products and services, enhance productivity and reach formality, including at the regional level.
- *Output 3.3:* Workers (with special support to women and youth) have acquired the capabilities to comply with technical and operational requirements for exports in selected sustainability-driven subsectors.
- *Output 3.4:* Awareness is raised among stakeholders in the private and public sectors regarding the benefits and opportunities of regional integration as a means to create employment and income opportunities, strengthen resilience, upgrade within the value chain, diversify export destination markets and support structural transformation.

The **Indicative Activities** for **Component 1** are the following:

- Employment demand-side assessments and supply side assessments in selected countries.
- Set up and support to Policy Working Groups at country level.
- Technical assistance and trainings, based on ILO tools such as TRAVERA for value chain analysis, as well as STED for skills development.
- Regional peer exchanges and knowledge sharing events.

- Enterprise development programmes in selected value chains.

Component 2: “Enhancing e-commerce and digital trade in the Southern Neighbourhood” aims to develop e-commerce and digital trade in the Southern Neighbourhood region to enhance business opportunities and foster decent job creation, in cooperation with the public and the private sectors.

The **Expected Outcomes** for **Component 2** are:

- *Outcome 1:* National e-trade strategies are strengthened in line with EU standards and legal frameworks are better harmonised among Southern Neighbourhood countries and with the EU.
- *Outcome 2:* E-commerce and digital trade tools that facilitate intra- and inter-regional trade are developed and piloted in selected countries.
- *Outcome 3:* Trade facilitation measures are developed and support is provided for their implementation in key sectors, with a focus on sustainability-driven sectors such as clean tech.
- *Outcome 4:* Private sector is better informed and makes increased use of digital trade schemes and virtual platforms.

The **Indicative Expected Outputs** to be delivered by **Component 2** are:

- *Output 1.1:* Government officials are aware of the broader conditions necessary for e-commerce and digital trade, such as legal certainty for businesses (e.g. contract law) and consumer protection (e.g. data protection).
- *Output 1.2:* Coordination among e-commerce stakeholders (policy makers, public administrations and agencies, digital service providers, postal services, business etc.) is reinforced through regional dialogue platforms and public-private dialogues in the region are promoted.
- *Output 1.3:* A regional roadmap for the harmonisation of cross-border legal frameworks, including policy recommendations, is developed.
- *Output 2.1:* Cross-border e-commerce components such as e-payments, e-signature, e-delivery and e-customs services are piloted in selected countries.
- *Output 2.2:* The creation of online interoperable trading platforms and virtual warehouses/databases of goods to simplify the access to regional, EU and global markets, is fostered.
- *Output 3.1:* A regional framework for cross-border e-trade services for businesses in the Southern Neighbourhood is developed.
- *Output 3.2:* Digital single windows are developed and promoted in collaboration with the private sector to simplify international trade.
- *Output 4.1:* Regional dialogues and knowledge sharing events are promoted.
- *Output 4.2:* SMEs’ skills to use e-commerce tools are strengthened and the use of B2C and B2B strategies is promoted.

The **Indicative Activities** for **Component 2** are the following:

- Policy dialogue and best practice exchanges on digital trade strategies, including at the regional level.
- Analysis of regulatory frameworks and development of dedicated action plans.
- Capacity building and technical assistance on e-commerce and digital trade tools.
- Regional and Public-Private Dialogues with digital trade stakeholders and businesses.
- ‘Train the trainers’ initiatives and digital skills development programmes targeted at the private sector.
- Assessments or studies on the impact of e-commerce initiatives on environment and job creation.

This action contributes to the Regional Team Europe Initiative (TEI): “Jobs through Trade and Investment in the Southern Neighbourhood”, which involves France, Germany, Italy, Spain, Sweden, the European Training Foundation (ETF), the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). The commitment of the EU’s contribution to the Team Europe Initiative to which this

action refers, could be complemented by contributions from other Team Europe partners. In the event that these contributions do not materialise, the EU action may continue outside a TEI framework.

3.2. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

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

The EIA screening classified the action as Category C (no need for further assessment). The specific environmental issues linked to digitalisation development, such as GHG emissions, air pollution, and waste production (e.g. packaging) will be taken into consideration during the implementation of the programme.

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

The 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 OECD Gender DAC codes identified in section 1.1, this action is labelled as G0. This implies that equal opportunities and gender mainstreaming are embedded throughout the action.

Equal opportunity and gender mainstreaming: inequalities in the participation of women in business and the labour market are registered in the whole region, together with other significant differences such as substantial wage gap between men and women and the lack of entrepreneurial opportunities. Unemployment generally affects women more than men in all age groups, particularly as regards long-term unemployment. The growing educational level of women in the region has often not translated into improved market access.

The action will incorporate a gender-based approach at all levels and stages of its design and implementation. Given the importance of women empowerment policies in the region, the action will encourage women participation and gender equality in several ways: it will aim to include business support organisations representing female entrepreneurs and will also put emphasis on the impact of digital trade on women entrepreneurship. Fair participation of women to trainings and all activities of the programme will be ensured.

Human Rights

The action will be implemented in respect of a Rights-Based approach, notably a human rights approach, at all levels and stages of its design and implementation, e.g. avoid any unintentional human rights harm, imbalance or negative impact.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the overall action will take into consideration the specific needs of vulnerable groups by aiming to improve, through its actions, the rights and/or the quality of life of vulnerable groups.

Democracy

The overall action will take into consideration the specific needs of vulnerable groups by aiming to improve, through its actions, the rights and/or the quality of life of vulnerable groups.

Conflict sensitivity, peace and resilience

The overall action will take into consideration the specific needs of vulnerable groups by aiming to improve, through its actions, the rights and/or the quality of life of vulnerable groups.

3.3. Risks and Assumptions

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Category 1 – To the external environment	Political instability within some of the partner countries	High	Low	Possibility to tailor activities based on situation on the ground. For example, non-inclusion of countries in crisis will not hamper project implementation.
Category 1 – To the external environment	Ability to carry out activities on the ground	Medium	Medium	Possibility to carry out some activities online and ensure virtual follow up with relevant stakeholders.
Category 2 – To planning, processes and systems	Speed of policy implementation	Medium	Medium/ High	The speed of policy implementation could be maintained ensuring close relationship between implementing partners and relevant political counterparts through the EU Delegations.
Category 2 – To planning, processes and systems	Change in priorities	Low	Low	Any potentially relevant changes in the political environment will be closely monitored and the necessary adjustments taken during the implementation of the actions proposed.
Category 2 – To planning, processes and systems	Overlapping with other on-going initiatives at the national level	Medium	Medium	The projects will be in close contact with NEAR B2, the EU Delegations in the region and other development partners in order to avoid duplication. In some cases, this may result in adapting the proposed approach.
Category 3 – To people and the organisation	Lack of trust and limited cooperation among countries	High	Medium	The cooperation between participating countries could be promoted in a gradual manner and around consensual matters through a phased approach with clear deliverables and milestones to ensure results and sustainability.
Category 3 – Risks related to people and the organisation	High turnover of staff in the partner countries	High	Medium	Programme sustainability will be developed throughout the inception period. When possible, each action should include a “train the trainer” approach at national level in order to ensure the sustainability of the project.

Category 3 – To people and the organisation	Engagement of stakeholders	Medium	Medium	The engagement of the different stakeholders can be supported by the organisation of regional and public-private dialogues
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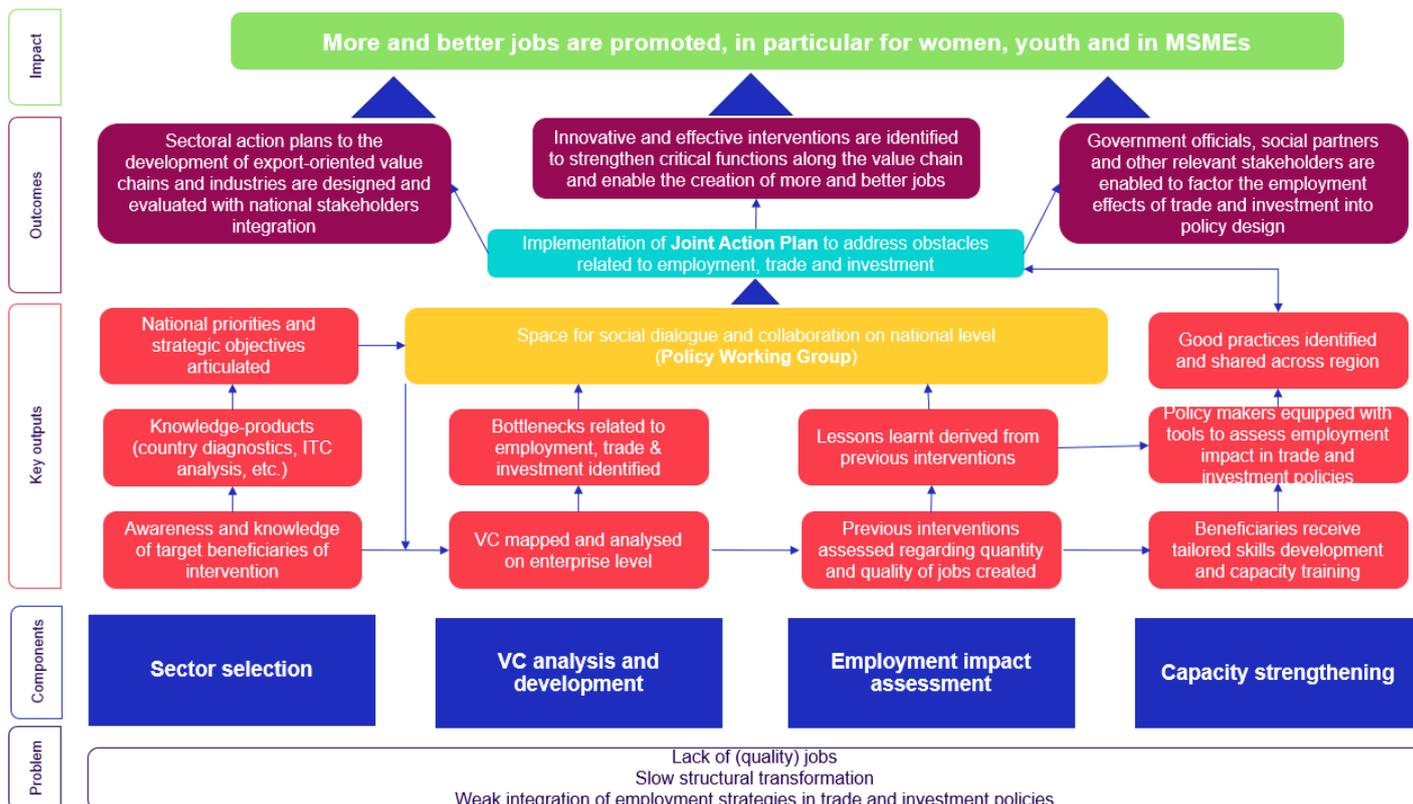
External Assumptions

- No major governance disruption in the target countries.
- Partner countries are willing to reach a higher degree of co-operation within the region and with EU.
- Partner countries will ensure sustainability and durability to the respective projects by making available the necessary human, financial and material resources.
- Policy makers in the region are looking for policy reforms and co-operation strategies to foster macro-economic stability in order to promote decent job creation, develop e-commerce and digital trade and strengthen regional integration.
- Policy makers, business and trade associations, local actors and social partners are willing to co-operate and share their experience within the region. Stakeholders are willing to develop joint actions, tools and methods targeting employment, sustainable trade and e-commerce, in particular for youth and women.

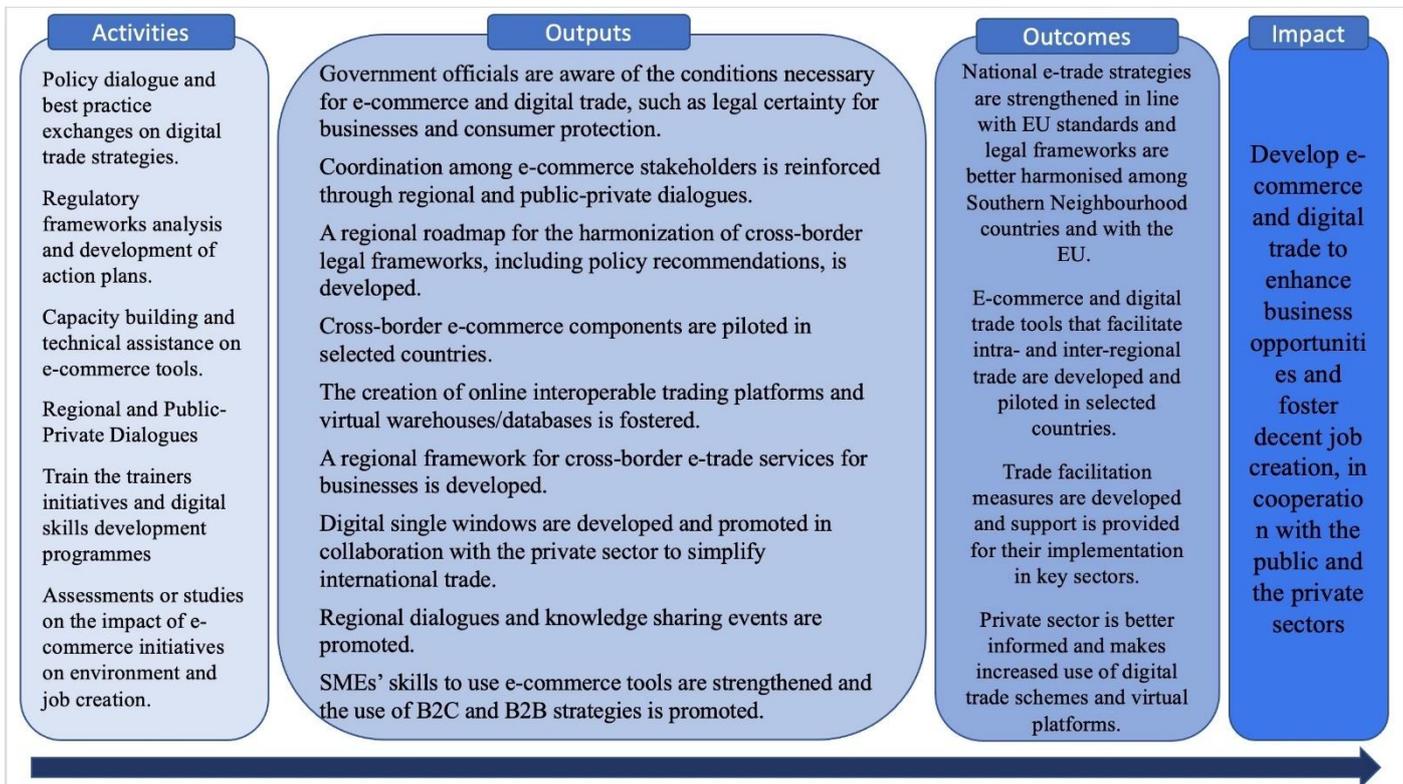
3.4. Intervention Logic

The theory of change behind the proposed intervention takes into account the assessment of the situation and the top priorities of the Southern Neighbourhood partner countries and it tries to address the need to enhance decent job creation through sustainable trade.

For Component 1, the proposed approach focuses on providing the tools and allowing policy makers in the region to be able to incorporate employment when formulating trade, investment and industrial policies. This will be brought about by targeted analysis and capacity strengthening on the one hand, and social dialogue and collaboration on the national level on the other. These two spheres of action lay the foundation for stakeholders from the public, private and social sectors to have the skills and information to factor in employment effects on trade and investment decisions and to implement a targeted and coordinated action plans to create more and better jobs.



For Component 2, the proposed action aims to develop e-commerce and digital trade schemes and tools as a gap that, once filled, will create new business opportunities and cross-border trade, thus contributing to more and better jobs. As illustrated below, the underlying logic is that by simultaneously and directly working with the public and private sector, key challenges in the development and adoption of digital tools that facilitate e-commerce and trade can be addressed effectively. This regional action aims to strengthen the e-commerce ecosystem in the region, increase the capacities of stakeholders from the public and private sectors in the sector, provide a platform for regional exchange and legal harmonisation, stimulate the use of e-commerce tools, and raise awareness for the potential for decent job creation among businesses. Complementarity to possible cross-regional initiatives with Sub-Saharan Africa should be accounted for especially on exchange of best practices and possible synergies for capacity building.



3.5. Indicative Logical Framework Matrix

COMPONENT 1:

Results	Results chain: Main expected results [maximum 10 @]	Indicators [it least one indicator per expected result @]	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact 1	Design and implement trade and investment policies and measures that optimise the quantity and quality of employment created, in particular for women and youth, and MSMEs	Number of trade and investment policies that account for employment	0 (2023)	tbd (following end of METI Phase 1)	1. National sources of information 2. Interviews with key stakeholders	<i>Not applicable</i>
Outcome 1	Government officials, social partners and other relevant stakeholders are aware of the important interplay between employment, trade and investment, and enabled to factor the employment effects of trade and investment into policy design and implementation, and to assess their impact.	1.1 Number of stakeholders trained on the interplay between trade, investment and employment	1.1 60 (2023)	1.1 tbd (following end of METI Phase 1)	1.1 Intervention activity reports	Trade, investment and employment policies remain as policy priorities for the region
Outcome 2	Sectoral action plans for the development of export-oriented and sustainable valued chains and industries, which harness the employment potential, strengthen untapped export potential, support the upgrading in the value chain and foster regional integration, are designed and agreed with national stakeholders.	2.1 Number of action plans designed, adopted and implemented 2.2 Publication of action plans with concrete recommendations	2.1 0 (2023) 2.2 0 (2023)	2.1 20 2.2 4	2.1 Calendar of activities 2.2 Annual reporting	
Outcome 3	Innovative and effective interventions are identified and piloted to strengthen critical functions along selected value chains in order to enable the creation of more and better jobs.	3.1 Sectoral action plans with short and medium-term actions are piloted. 3.2 Participation in dedicated events to share best practices.	3.1 0 (2023) 3.2 0 (2023)	3.1 4 3.2 100	3.1 Sector associations reporting 3.2 Intervention Activity report	Organisations remain interested to carry out pilot activities

Output 1.1	Technical experts from governments, social partners' organisations and other relevant stakeholders are equipped with the tools and knowledge to better incorporate employment issues into trade and investment policies.	1.1.1 Number of thematic workshops organised for institutional networks 1.1.2 Number of experts that have acquired specific skills to the job (gender, age, thematic)	1.1.1 4 (2023)	1.1.1 8	1.1.1 Intervention Activity report	Stakeholders are appointed by their organisation to participate
Output 1.2	Policy makers exchange knowledge and good practice approaches across the region on how to align trade and investment policies with employment objectives.	1.2.1 Number of knowledge sharing events organised 1.2.2 Level of satisfaction on information acquired during events	1.2.1 1 (2023) 1.2.2 Satisfactory	1.2.1 6 1.2.2 Majority Satisfactory	1.2.1 Intervention Activity report 1.2.2 Questionnaires and surveys	Collegial spirit in regional events, even if some bilateral tensions remain
Output 2.1	Social dialogue and policy coordination are strengthened through the establishment of national Policy Working Groups (PWGs).	2.1.1 Number of PWGs established 2.1.2 Meetings of PWGs	2.1.1 4 (2023) 2.1.2 12 (2023)	2.1.1 9 2.1.2 25	2.1.1 Intervention Activity report 2.1.2 Intervention Activity report	PWGs remain active
Output 2.2	Participants of PWGs are given the tools to analyse data and information and make recommendations on their sector selection.	2.2.1 Modules developed focusing on skills 2.2.2 Number of training events (online and offline) experts that have acquired specific skills to the job (gender, age, thematic)	2.2.1 0 (2023) 2.2.2 0 (2023)	2.2.1 tbd 2.2.2 tbd	2.2.1 Intervention Activity report 2.2.2 Intervention Activity report	
Output 2.3	The employment impact of related policy interventions is assessed and informs the articulation and design of future policy design.	2.3.1 Number of dedicated reports on employment impact 2.3.2 Assessment of improvement of national systems	2.3.1 0 (2023) 2.3.2 N/A	2.3.1 1 per year 2.3.2 Positive assessment	2.3.1 Intervention Activity report 2.3.2 Surveys	
Output 3.1	Joint action plans are compiled for selected sectors, which address trade- and investment-related bottlenecks, and pilot actions are	3.1.1 Number of sectoral action plans 3.1.2 Number of training events (online and offline) experts that	3.1.1 0 (2023) 3.1.2 0 (2023)	3.1.1 10 3.1.2 tbd	3.1.1 Intervention Activity report	

	implemented for the creation of more and better jobs.	have acquired specific skills to the job (gender, age, thematic)			3.1.2 Participation surveys	
Output 3.2	Employers (in particular MSMEs and/or employer associations) in selected sectors are supported to identify opportunities, overcome trade obstacles, upgrade in the value chain, improve the quality of their products and services, enhance productivity and reach formality, including at the regional level.	3.2.1 Technical assistance trainings delivered 3.2.2 Satisfaction of employers on trainings provided	3.2.1 0 (2023) 3.2.2 N/A (2023)	3.2.1 4 3.2.2 Majority satisfactory level in surveys	3.2.1 Intervention Activity report 3.2.2 Focus groups	Key sectoral representatives are taking part in activities
Output 3.3	Workers (with special support to women and youth) have acquired the capabilities to comply with technical and operational requirements for exports in selected subsectors.	3.3.1 Number of workers trained 3.3.2 Percentage of beneficiaries feeling well equipped to comply to requirements	3.3.1 0 (2023) 3.3.2 N/A	3.3.1 4 3.3.2 tbd	3.3.1 Questionnaires 3.3.2 Focus groups	Employers allow for workers to participate in dedicated activities
Output 3.4	Awareness is raised among participants in the private and public sectors regarding the benefits and opportunities of regional integration as a means to strengthen resilience, upgrade within the value chain, diversify export destination markets and support structural transformation.	3.4.1 Dedicated campaigns launched 3.4.2 Regional dialogues carried out	3.4.1 0 (2023) 3.4.2 0 (2023)	3.4.1 8 3.4.2 4	3.4.1 3.4.2	

Results	Results chain: Main expected results [maximum 10 @]	Indicators [it least one indicator per expected result @]	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact 1	To develop e-commerce and digital trade in the Southern Neighbourhood region to enhance business opportunities and foster decent job creation, in cooperation with the public and the private sectors.	1 Number of countries supported by the EU to (a) develop and/or revise, (b) implement digital-related policies/strategies/laws/regulations (GERF) 2 Share of e-commerce and digital trade in GDP.	1 tbd* (2023) 2 tbd* (2023)	1 at least 4 (2028) 2 tbd*(2028)	National and regional statistics in the SN region; Action monitoring reports	<i>Not applicable</i>
Outcome 1	National e-trade strategies are strengthened in line with EU standards and legal frameworks are better harmonised among Southern Neighbourhood countries and with the EU.	1.1 Number of national legislations/regulations/reforms of e-commerce harmonised within the SN region and/or with the EU	1.1 tbd* (2023)	1.1 tbd* (2028)	Studies; after event reports/feedback forms; Project progress reports; Final report National statistics; Ad hoc surveys	1. The political and security situation allows for the implementation of project activities and does not deteriorate to an unacceptable level. 2. National government partners remain committed and support project implementation. 3. Trust is built among stakeholders.
Outcome 2	E-commerce and digital trade tools that facilitate intra- and inter-regional trade are developed and piloted in selected countries.	2.1 Number of e-commerce and digital trade tools that have been piloted (disaggregated by country)	2.1 0 (2023)	2.1 4 per selected country (2028)		
Outcome 3	Trade facilitation measures are developed and support is provided for their implementation in key sectors.	3.1 Number of trade facilitation measures (a) developed and (b) implemented with support by the Action	3.1 (a) 0 (2023), (b) 0 (2023)	3.1 (a) tbd* (2028), (b) tbd* (2028)		
Outcome 4	Private sector is better informed and makes increased use of digital trade schemes and virtual platforms.	4.1 Number of firms reporting an increased (a) awareness and (b) use of digital trade schemes and virtual platforms.	4.1 (a) 0 (2023), (b) 0 (2023)	4.1. (a) tbd* (2028), (b) tbd* (2028)		
Output 1.1	Government officials are aware of the broader conditions necessary for e-commerce and digital trade, such as legal certainty for businesses (e.g.	1.1.1 Number of government officials reached through awareness raising activities supported by the Action	1.1.1 tbd* (2023)	1.1.1 tbd*		

	contract law) and consumer protection (e.g. data protection).					
Output 1.2	Coordination among e-commerce stakeholders (policy makers, public administrations and agencies, digital service providers, postal services, business etc.) is reinforced through regional dialogue platforms and public-private dialogues in the region are promoted.	1.2.1 Number of (a) regional dialogue platforms and (b) public-dialogues established	1.2.1 tbd*	1.2.1 tbd*		
Output 1.3	A regional roadmap for the harmonisation of cross-border legal frameworks, including policy recommendations, is developed.	1.3.1 Number and quality of policy recommendations (a) included in and (b) implemented as part of a regional roadmap	1.3.1 tbd*	1.3.1 tbd*		
Output 2.1	Cross-border e-commerce components such as e-payments, e-signature, e-delivery and e-customs services are piloted in selected countries	2.1.1 Number of countries having developed e-commerce pilots 2.1.2 Number of e-commerce components piloted	2.1.1 tbd* 2.1.2 tbd*	2.1.1 tbd* 2.1.2 tbd*		
Output 2.2	The creation of online interoperable trading platforms and virtual warehouses/databases of goods to simplify the access to regional, EU and global markets, is fostered.	2.2.1 Number of (a) interoperable trading platforms and (b) virtual warehouses/databases created 2.2.2 Number of companies benefiting from newly created online platforms and virtual warehouses/databases	2.2.1 tbd* 2.2.2 tbd*	2.2.1 tbd* 2.2.2 tbd*		
Output 3.1	A regional framework for cross-border e-trade services for businesses in the Southern Neighbourhood is developed	3.1.1. Number of public-private dialogues to develop and agree on this framework 3.1.2 Satisfaction level of stakeholders on quality of	3.1.1 tbd* 3.1.2 tbd*	3.1.1 tbd* 3.1.1 tbd*		

		actions/recommendations proposed in regional framework				
Output 3.2	Digital single windows are developed and promoted in collaboration with the private sector to simplify international trade.	3.2.1 Number of digital single windows created 3.2.2 Number of companies benefiting from the (a) newly created and (b) already existing digital single windows	3.2.1 tbd* 3.2.2 tbd*	3.2.1 tbd* 3.2.2 tbd*		
Output 4.1	Regional dialogues and knowledge sharing events are promoted.	4.1.1 Number of workshops and knowledge-sharing events organised for private sector networks	4.1.1 tbd*	4.1.1 tbd*		
Output 4.2	SMEs' skills to use e-commerce tools are strengthened and the use of B2C and B2B strategies is promoted.	4.2.1 Number of digital skills development trainings conducted 4.2.2 Satisfaction level of stakeholders with digital skills development training 4.2.3 Number of targeted B2C and B2B strategies promoted	4.2.1 tbd* 4.2.2 tbd* 4.2.3 tbd*	4.2.1 tbd* 4.2.2 tbd* 4.2.3 tbd*		

*tbd = to be determined during the inception phase. Since this is a new thematic area, an inception phase is foreseen for Component 2.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

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

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented is 72 months from the date of adoption by the Commission of this financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer in duly justified cases.

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 measures¹³.

4.3.1. Indirect Management with pillar-assessed entities

Component 1 (Mainstreaming Employment into Sustainable Trade) of this action may be implemented in indirect management with the International Labour Organisation (ILO).

This implementation entails carrying out the activities identified in section 3.1, related specifically to component 1 and the overall objective of the action.

The envisaged entity has been selected using the following criteria: this international organisation has highly specialised technical expertise, empirical and policy research in the field and was also active in the previous phases of the programme. In particular, ILO has developed global and country specific assessment tools, which have been applied to evaluate the labour market effects of trade and has carried out a number of assessments in beneficiary countries. It has also experience in cooperating with the EU in this area since 2009 as well as local presence in many of the Neighbourhood South countries.

Component 2 (Enhanced e-commerce and digital trade in the Southern Neighbourhood) of this action may be implemented in indirect management with a Member State organisation and/or with a specialised international organisation.

The implementation entails carrying out the activities identified in section 3.1, related specifically to component 2 and the overall objective of the action.

The envisaged entities will be selected by the Commission's services using the following criteria: their suitability in terms of the nature of the action, their own operational capacity and their relations with the key stakeholders of this action, their value added in terms of digital economy and e-trade development in the

¹³ [EU Sanctions Map](#). 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.

Southern Neighbourhood, their transparency and the presence of no conflict of interests in performing their tasks.

4.4. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Implementation modalities – cf. section 4.3	
Component 1 (Mainstreaming Employment into Sustainable Trade)	
Indirect management with ILO – cf. section 4.3.1	6 000 000
Component 2 (Enhanced e-commerce and digital trade in the Southern Neighbourhood)	
Indirect management with a Member State organisation and/or a specialised international organisation – cf. section 4.3.1	6 000 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	will be covered by another Decision
Strategic communication and Public diplomacy – cf. section 6	will be covered by another Decision
Contingencies	N.A.
Totals	12 000 000

4.5. Organisational Set-up and Responsibilities

A Project Steering Committee will be established for each contract, including representatives of the EU (DG NEAR, TRADE, INTPA and other relevant Commission Services where necessary) and the respective implementing partners. The steering committee of each project shall meet at least once a year to assess progress and issue recommendations on the direction of the project.

A Joint Steering Committee might be set up at action level to ensure complementarity and proper monitoring of implementation of activities, as well as good cooperation among the different partners. It would meet once a year but could also foresee ad hoc meetings to discuss possible joint actions to be carried out by the implementing partners. Besides the implementing organisations, EU relevant services, including NEAR units dealing with bilateral programmes and thematic support, DG TRADE, INTPA, EEAS, GROW, the UfM and other key stakeholders may be part of the Steering Committee.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission will 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 partners' responsibilities. To this aim, each 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 Outputs and contribution to the achievement of its Outcomes, and if possible, at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

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).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

The monitoring level will be for each component of the action.

Every component will have its own logical framework, which will be completed during the inception period and updated during implementation.

SDGs indicators and EU Result Framework Indicators should be taken into account.

To ensure a closer follow-up, every implementing partner will provide a monthly Flash Report indicating the past activities, activities in the pipelines, difficulties encountered, and measures taken to mitigate.

5.2. Evaluation

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

It will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join.

The Commission shall inform the implementing partners at least 2 months in advance of the dates envisaged for the evaluation exercise and missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner countries and other key stakeholders following the best practice of evaluation dissemination¹⁴. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner

¹⁴ See best practice of evaluation dissemination.

countries, 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 evaluations shall 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

All entities implementing EU-funded external actions have the contractual obligation 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. To that end they must comply with the instructions given in the 2022 guidance document *Communicating and raising EU visibility: Guidance for external actions* (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

For communication on Team Europe Initiatives, the EU and its Member States can rely on the specific guidance on the Team Europe visual identity, as the action falls under the regional Team Europe Initiative on jobs through trade and investment.

Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

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

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

The present action identifies as

Contract level (i.e. grants, contribution agreements, any case in which foreseen individual legal commitments identified in the budget will have different log frames, even if part of the same action document)		
<input checked="" type="checkbox"/>	Single contract 1	International organisation, ILO, EUR 6 million
<input checked="" type="checkbox"/>	Single contract 2	Indirect management with a MS organisation and/or a specialised international organisation, EUR 6 million