This action is funded by the European Union

ANNEX
of the Commission Decision on the individual measure in favour of Intra-ACP cooperation to be financed from the 11th European Development Fund

Action Document for Fit For Market: Strengthening competitiveness and sustainability of the ACP horticultural sector

**INFORMATION FOR POTENTIAL GRANT APPLICANTS**

**WORK PROGRAMME FOR GRANTS**

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012), applicable to the EDF by virtue of Article 37 of Regulation 2015/323 in the following sections concerning grants awarded directly without a call for proposals: 5.3.1 Grant – direct award (direct management).

| 1. Title/basic act/CRIS number | Fit For Market: Strengthening competitiveness and sustainability of the ACP horticultural sector  
CRIS number: ACP/FED/038-697  
Financed under the 11th European Development Fund (EDF) |
|-------------------------------|-------------------------------------------------------------------------------------------------|
| 2. Zone benefiting from the action/location | Africa, Caribbean and Pacific (All ACP)  
The action shall be carried out at the following location: ACP countries |
| 4. Sector of concentration/thematic area | Private Sector Development |
| 5. Amounts concerned | Total estimated cost: 25 300 000 EUR  
Total amount of EDF contribution: 20 300 000 EUR  
This action is co-financed by potential grant beneficiaries for an indicative amount of 5 000 000 EUR |
| 6. Aid modality(ies) and | Project Modality  
Direct management – grants – direct award |
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9. Global Public Goods and Challenges (GPGC) thematic flagships
- Food and nutrition security and sustainable agriculture
- Growth, jobs and private sector engagement

**SUMMARY**

The rapid evolution of Sanitary and Phytosanitary (SPS) issues and market requirements represent a challenge for the capacity of African, Caribbean and Pacific (ACP) countries to export to the EU and other international markets. The ACP horticultural sector, which has a high export potential, is directly concerned by these challenges.

The overall objective of this intervention is to reduce poverty, improve food security and food safety and ensure sustainable and inclusive growth by strengthening the agri-food export sector in ACP countries.

The specific objective is to enable smallholders, farmers' organisations and Micro, Small and Medium Enterprises (MSMEs) to have access to international and domestic horticultural markets, by complying with SPS issues and market requirements, in a sustainable framework.

The expected results are:
R.1. Export capacities of smallholders, farmers’ organisations and horticultural MSMEs are strengthened by complying with SPS measures and other market requirements.
R.2. Horticultural MSMEs, smallholders and farmers’ organisations have the business skills and tools to be efficient, profitable and inclusive.
R.3. Linkages between smallholders, farmers’ organisations and horticultural MSMEs are reinforced.
R.4. Conditions for market access and competitiveness in ACP horticultural chains are monitored with a value chain approach and ACP interests are represented.
R.5. Public sector authorities have an enhanced capacity to support the horticultural sector, ensuring management and enforcement of SPS standards.

Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to the Europe-Africa-Caribbean-Pacific Liaison Committee (COLEACP).

1 CONTEXT

1.1 Sector and thematic area

Although ACP countries are experiencing a rapid growth in urban populations, the majority of their population still lives in rural areas\(^1\) where agriculture plays a pivotal role in the livelihoods of poor populations as a main source of incomes and jobs. This role is underscored by the importance of agriculture in terms of gross domestic product (GDP) of ACP countries (32% in Africa, 6% in the Caribbean and 17% in the Pacific), of employment (65% of Africa’s labour force is employed in agriculture) and trade (for example, African agricultural exports represented in 2012 around 9% of the total African merchandise exports).

In that context, agricultural trade (and notably exports) plays a key role in the paths to ACP countries’ prosperity: trade in agriculture can raise ACP incomes greatly, be an important source of foreign exchange and acts as a catalyst for overall development. Currently, the EU’s agricultural trade with ACP countries is much higher than with any other major ACP’s trade partner. Thus, ACP countries account for around 13% of agricultural imports of the EU (average 2010-2012). Trade figures for 2014 show that ACP States, including South Africa, export to the EU around EUR 13 billion in agricultural products, representing 14.5% of total ACP exports to the EU, while the EU exported about EUR 10 billion, giving a net trade flow of ACP exports of around EUR 3 billion.

A good proportion of imported products are commodities and intermediate products, including, amongst others, cocoa, coffee and tea, tropical fruits and spices, fruits and vegetables and raw sugar. For the EU agri-food industry, and therefore for the EU consumers, agricultural trade with the ACP countries ensures availability of tropical products and out-of-season fruits and vegetables with competitive prices. In the case of the horticultural sector, about 37 ACP countries are involved in exporting fruits and vegetables to the EU, accounting for 13% of EU imports of fruits and vegetables (2012), and fruits and vegetables exports have been an important area of export diversification for a number of ACP countries.

ACP countries can participate in the agricultural trade only if they are able to supply the food products competitively and respecting market standards and regulatory requirements. Although most have exported agricultural goods to Europe for many years, the rapid evolution of SPS requirements, as well as market requirements (environmental, social and ethical private standards), represent a challenge for the capacity of ACP countries to export to the EU.

\(^1\) In 2009, the rural population accounted for 60% in Africa, 44% in Caribbean and 55% in Pacific.
The stricter application of food safety standards and the growing role of market requirements, in determining access to certain components of the EU market, compound the commercial challenges faced by ACP exporters. Getting to grips with strengthening food safety and SPS compliance and simplifying market entry requirements constitute an important area of increased policy attention across many ACP regions.

These trends are requiring ACP producers and exporters to be increasingly flexible and dynamic in responding to what is a highly diverse market, addressing food safety challenges cost-effectively and raising quality standards, among others adaptations. SPS and market requirements compliance can be seen as both a constraint and an opportunity, as it helps to modernise agricultural processes and increase inter-regional trade, as well as ensuring that there is safe food to eat in the domestic markets.

### 1.1.1 Public Policy Assessment and EU Policy Framework

Given their multifaceted dimension, SPS issues are at the crossroad of different policy frameworks.

EU Regulation 882/2004, which is part of the 2004 “food hygiene package” and governs official controls in the food and agriculture industries, applies to imported food and feed, it states that the Commission shall promote support to developing countries with regard to food and feed safety in general and with food and feed standards in particular, in order to build the institutional capacity required.

In the context of the EU development cooperation, article 48 of the Cotonou Agreement is specifically dedicated to SPS measures and recognises the right of each Party to adopt or to enforce SPS measures necessary to protect human, animal, or plant life or health. In addition, it calls for the strengthening of cooperation between the parties, through national and regional development strategies with a view to reinforcing the capacity of the public and the private sector of the ACP countries in this field.

The Agenda for Change also recognises the importance of agriculture for developing countries and states that “in agriculture, the EU should support sustainable practices, including the safeguarding of ecosystem services, giving priority to locally-developed practices and focusing on smallholder agriculture and rural livelihoods, formations of producer groups, the supply and marketing chain, and government efforts to facilitate responsible private investment”.

Building capacity in the field of SPS and market requirements also contributes to the objectives of private sector development as highlighted in the European Commission Communication on private sector and the ACP-EU Joint Cooperation Framework for Private Sector Development Support in ACP countries (June 2014), notably improving business environment and providing support to the private sector in areas relevant for development to

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2 The EU Agenda for Change; COM(2011)637.
3 A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries COM(2014)263.
harness the opportunities offered by domestic, regional and international markets. This includes building the export capacities of companies and improving the standardisation of their products in order to facilitate access to domestic, regional and international markets.

Likewise, the Joint Africa-EU Strategy highlights the role of agriculture as a dominant economic sector, in which SPS standards play a crucial role in the agricultural trade: “It is widely recognised that meeting international SPS standards is a key component for advancing the competitiveness and market access of African agriculture and food processing industry. Improving African standards will therefore enable greater access to international markets, the promotion of South-South trade and the diminution of non-tariff barriers to trade.

1.1.2 Stakeholder analysis

**ACP horticultural producers**, mainly smallholders with an important component of women, are scattered and generally disorganized. They do not have the business skills, technical knowledge and volumes to direct access to international markets. Smallholders have a lack of capacity to implement SPS standards and market requirements.

**ACP farmers’ organisations** may have different structures: farmers’ organisation at national level covering all agricultural sectors, producers’ organisation covering one specific sector, regional farmers’ organisation, etc. The key economic role of the farmers’ organisation is to concentrate supply in order to have an increased bargaining power with, for instance, the horticultural export enterprises. ACP farmers’ organisations have also a lack of capacity to implement SPS standards and market requirements, but they have the ability to impact a significant number of smallholders with capacity building activities.

**ACP horticultural exporters** are the most developed stakeholders in the ACP horticultural value chain. They must develop the capacity to implement SPS standards and market requirements if they want to gain and maintain access to international markets. They must have the ability to adapt their supply to the continuous changes in the SPS regulations and private standards. The ACP horticultural exporters have the capacity to impact a significant number of smallholders with capacity building activities.

The ACP fruits and vegetables export sector needs access to a comprehensive and reliable laboratory analysis services. **Existing laboratory networks** in ACP countries are not in a condition to meet users’ demands for several reasons: i) long delivery times for test results; ii) too few accredited laboratories; iii) low availability of reagents for test.

**ACP local experts** on SPS and market requirements have been strengthened in the last years by the EU programmes (notably PIP2 and EDES programmes). They deliver appropriate and demand-driven support to the main ACP fruits and vegetables stakeholders in order to facilitating value chain development. ACP local experts on SPS and market requirements are still a limited number to accompanying the fruits and legumes sector, and still exists a lack of skills in this field.

**EU horticultural importers** purchase fruits and vegetables from ACP exporters, among others. The EU horticultural importers are the best placed to know the new requirements of the market and the changes in the official regulation. They are a valuable source of information in order to adapt the ACP fruits and vegetables production.
COLEACP is the interprofessional association representing and defending the collective interests of ACP exporters/producers and EU importers of fruits, vegetables, flowers and plants. COLEACP has 327 members including 181 ACP exporters, 24 EU importers, 39 professional organisations (mainly representing smallholders) and 77 service providers. Together they represent 85% of the trade flows of fruits and vegetables from ACP countries to the EU.

EU/ACP consumer associations play a surveillance role as they verify that fruits and vegetables are safe for EU and ACP consumers and that ACP fruits and vegetables production respect social and environmental standards.

ACP competent authorities at national level, including official controls, develop and implement SPS regulations and, more generally, food safety strategies. Official controls are defined as any form of control performed by the competent authority for the verification of compliance with feed and food law. The implementation of food safety systems and official controls as defined in EU legislation requires a coordinated application of resources within an appropriate organisational structure. Many ACP countries have difficulty in accessing and mobilising the human and financial resources required to implement these systems.

Regional Economic Communities (RECs) play a key role to strengthen the intra-regional trade. Lack of compliance with SPS measures is however a major problem that undermine intra-regional trade. In order to address these problems, RECs often support a regional approach to SPS issues.

1.1.3 Priority areas for support/problem analysis

As governance and business environments have improved, and with globalisation driven by trade liberalisation and expanding communication and transportation networks, the past decade has seen increased investment by local and international companies in ACP countries. However, as they grow activities companies are facing increased challenges in the form of new and more stringent requirements as they enter new markets.

In that sense, SPS and market requirements, which are continually evolving, can potentially have an impact on the capacity of ACP countries to export their horticultural products. However, many horticultural producers, farmers’ organisations, MSMEs, local experts and competent authorities lack the skills to tackle these issues, preventing them for exploring new opportunities for public-private partnerships, market-based solutions, and additionality.

In particular, the ACP horticultural sector is faced with the following challenges:

- Weak business skills among MSMEs (including smallholders) to adopt and follow-up the constant changes on SPS regulations and new market requirements. This is also compounded by the lack of information and skills in the horticultural sector to enable MSMEs to deliver what the market wants in terms of reliability, quantity and compliance with regulations and standards.

- Lack of knowledge and skills among ACP producers in sustainable production, and limited ability to innovate and apply new technologies. This is aggravated by the lack of affordable local expertise with the skill-set needed by the sector, particularly in sustainable production and in meeting demands of high-end local/global markets.
• Institutional weaknesses among public authorities and private institutions (e.g. professional associations), limiting their ability to support the horticultural sector.
• EU/global buyers and policy-makers lack knowledge of the ACP context, leading to demands that exclude ACP players because of inappropriate regulations, private standards or demands.

At the same time, these challenges must be addressed in the context of poverty reduction and food security, which in turn are dependent on the sustainability of food supply.

In this context, the main priority areas for support should be to strengthen the capacities and skills of main beneficiaries (smallholders, farmers’ organisations and MSMEs) in the field of SPS issues and market requirements, as well as of ACP private services supporting the horticultural sector, which will contribute to having an ACP horticultural sector adapted to the international market conditions. At the same time, it is important to monitor the EU and international horticultural market, as well as the value chain performance, in order to keep informed stakeholders and take the right business and regulatory decisions. Finally, intervention support should be addressed also to strengthen the capacities and skills of the public sector, as a main stakeholder implementing food safety regulations and control horticultural exports.

### 2 RISKS AND ASSUMPTIONS

<table>
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<th>Risks</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measures</th>
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<tr>
<td>Lack of public policies supporting the business environment</td>
<td>H</td>
<td>Encourage public-private dialogue mechanisms to reinforce advocating for reforms in the legal and regulatory SPS framework, targeting specific value chains in ACP countries.</td>
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<tr>
<td>Market risks, low or volatile prices, non-compliant products with SPS standards, lack of transparency etc. could have an impact on smallholders/MSMEs</td>
<td>M</td>
<td>Set up mechanisms to monitor the appropriate conditions for market access and competitiveness in the horticultural sector.</td>
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<tr>
<td>Reputational risks of different nature (land grabbing, child labour), could affect intervention</td>
<td>H</td>
<td>Strong emphasis on social, economic and environmental concerns along the agricultural supply chains. Private sector operators will have to adhere to a set of principles and criteria, in order to benefit from the programme. Legitimate tenure rights and access to natural resources will be encouraged, as well as international core labour standards.</td>
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<tr>
<td>Lack of specific expertise in ACP countries</td>
<td>M</td>
<td>Work with a networking of local experts and tighten local provider's capacities making available knowledge, tools and information as to ensure long-standing and</td>
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Lack of transparency from private sector operators can create distrust and difficulties to monitor the impact across the value chain (notably at smallholder level)  

| H | A Memorandum of Understanding should be put in place between the private sector operators (MSMEs and farmers’ organisations) and the programme that would include the obligation to provide timely and accurate information (financial situation and value chain performance). Support should be given to Farmers and Producers organisations in order to improve negotiations skills. |

Lack of impact assessment and benefit sharing.  

| M | Strong emphasis on reporting on the impact of the intervention, in terms of job creation, income generation, income distribution, active participation of women. Set up stakeholder alliances to discuss and agree on a fair distribution of benefits, building long-term trust arrangements. |

Assumptions
1) ACP horticultural export sector is competitive at global level.
2) Prices for horticultural products remain stable.
3) Fair added value and its distribution along the value chain are ensured.
4) National authorities give a priority to strengthening the food safety system.

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt
Lessons about the provision of support for SPS issues and market requirements in ACP countries can be examined from various perspectives.

SPS standards and market requirements are evolving in a rapidly changing environment, justifying a focus on the ability to implement new regulations/standards rather than adopting specifics ones. Building capacities at different levels (institutional and private sector levels) has been one of the priorities of the EU previous support on SPS issues. Recent evaluations of intra-ACP programmes show that ACP countries consider this type of capacity building positively, highlighting the expertise, the flexibility and, to a certain extent, the rapidity in which this support has been delivered. Investing in capacity building brings multiple benefits to MSMEs, farmers’ organisations and smallholders: it increases specialisation; it ensures diversification of services provided by the private sector operators and encourages networking between service providers increasing profit and competitiveness of the value chains’ actors.

The two main programmes at intra-ACP level addressing SPS issues and market requirements are PIP2 and EDES. PIP2 (second phase, 2009-2015) is a EUR 32,5 million Programme, managed by the COLEACP. The EU-ACP Development of Food Safety Systems (EDES)
Programme managed and implemented by a consortium led by the COLEACP, has received funding worth EUR 29.5 million from the EDF, covering 2010-2015. Both programmes are a key source of lessons learned on EU SPS intervention at Intra-ACP level, mainly of them highlighted by the mid-term evaluations.

In the case of PIP2, the mid-term evaluation highlighted the fact that PIP2 has played a role in maintaining fruits and vegetables export levels from ACP countries to the EU: helping producers to comply with food safety regulations and commercial standards, as well as helping to professionalise the food industry in the countries concerned. This contribution has had a real impact on alleviating poverty, in particular by increasing the number of smallholders who supply the exporters and who benefit from their oversight. However, keeping smallholders in the supply chain remains a challenge due to the cost of certifications and the difficulty for exporters to conduct self-assessment when production is dispersed. On the other hand, the PIP2 mid-term evaluation signalled that the experienced gained by COLEACP during the first phase of the programme (PIP1) has led to great strides: the methodology was up running, contacts with stakeholders were and still are very good, and the network of local experts was mobilised immediately.

There is also evidence that investing in private sector operators in the field of SPS issues and market requirements could increase traded volumes and job creation. According to a survey which has been conducted by the COLEACP (2009-2014), MSMEs supported with SPS technical assistance through the PIP2 programme increased in 60% the total volume of fruits and vegetables traded. This rise in the volumes has had an impact in job creation with an increase of 43% in terms of permanent employees (mainly women employees).

In the case of EDES, the mid-term evaluation highlighted that this type of intervention helps to create conditions to improve the contribution of food trade to poverty reduction in ACP countries. The evidence shows that the methodologies and activities developed and implemented for the horticultural sector can be easily adapted and benefit other crops and sectors (i.e. cocoa, coffee, honey, fish, etc.).

Regarding the synergies between both interventions (PIP2-private sector and EDES-public sector), the mid-term evaluations highlighted that strengthening of private sector knowledge and skills has also meant that there is a need for the public sector to update knowledge and skills, and to contribute to a functioning SPS control system.

3.2 Complementarity, synergy and donor coordination

The European Commission addresses SPS issues through various instruments and interventions. Thus, the EU provides SPS-related technical assistance through around 360 projects worldwide at different level (bilateral, regional, Intra-ACP and thematic). Most of them are addressing SPS issues within a wider range of intervention, and others are SPS specific.

At national level, around 60 countries have chosen sustainable agriculture and food security as focal sector for EU intervention; within these countries around 24 have retained SPS related interventions (coordination with EU Delegations is foreseen in order to avoid potential overlapping).
At Pan African level, financial support is planned to improve coordination at continental level and trans-regional levels in SPS related activities in particular, it will focus on African continental governance and regulatory issues.

At Caribbean regional level, the 11th EDF Regional Indicative Programme foresees to support SPS related activities namely in the area of Regional economic integration and EPA implementation.

At thematic level, the Global Public Goods and Challenges (GPGC) (2014-2020) instrument seeks to foster sustainable, social and environmental development in an integrated and holistic way. The GPGC brings added value, complementary and coherence to geographical programmes. The specific Food and Nutrition Security allocation foresees (component 2) to support actions and initiatives in areas such as SPS and other norms and standards.

The continuity and scale-up of EDES programme should be analysed on the framework of the thematic interventions.

Coherence with ongoing EU funded programmes will also be sought, notably with the following ones: BTSF, ACP-EU TBT programme, BizClim programme and Plantwise programme. Considerable emphasis would also be devolved ensuring further coordination with other EU-supported organisations and EU-agencies: CTA, STDF, FVO and EUROPHYT.

In terms of coordination with other donors, the Standard and Trade Development Facility (STDF) is a global partnership established in 2002 by the Food and Agriculture Organisation (FAO), the World Organisation for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the World Trade Organisation (WTO). The EU contributes to the Facility since 2008 (EUR 2 million for the period 2010-2015). The overall goal of the STDF is the increased capacity of developing countries for implementing international SPS standards, guidelines and recommendations, and hence their ability to gain and maintain market access. The STDF has a key role as a coordination and financing mechanism, promoting coordination and collaboration among partners, donors and relevant organisations.

Donor coordination on SPS issues and market requirement should be assured in the STDF framework, where main donors are involved and have an active participation in the STDF working groups and policy committees. By bringing together the SPS expertise and skills of its founding partners and other organisations, the STDF provides a unique forum to exchange information, encourage collaborations and synergies in SPS capacity building, enabling the stakeholders involved to achieve more effective and sustainable results together, than would not be possible alone.

3.3 Cross-cutting issues

The principle of **sustainability** orientates all programme activities to address economic, social and environmental aspects based on the premise that sustainable food should meet people’s needs while being produced in a way that is fair and desirable for those producing it and in a way that preserves and enhances our natural resource base. Activities are also designed around the principle of resilience.
The intervention offers opportunities to contribute to environmental protection and climate change adaptation and support the transition to a green economy through the establishment of environmentally sustainable and climate change –resilient agricultural based practices. Compliance with environmental standards will be a key element of the environmental analysis within the analytical framework. The programme will foster sustainable and climate-resilient productive practice in the horticultural sector.

Inclusiveness in general and gender equality in particular, are a central theme. All planned activities must be evaluated to identify those that foster (or potentially disadvantage) vulnerable groups, especially women and weaker economic players, including smallholders. Delivery of support (e.g. training, technical assistance, monitoring) must take into account their situation and specific needs.

Acknowledging that women constitute in many societies the bulk of the agricultural workforce, the programme will actively seek the recognition of women’s role and interests in agricultural production, marketing and overall value chains operations.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective of the programme is to reduce poverty, improve food security and food safety and ensure sustainable and inclusive growth by strengthening the agri-food export sector in ACP countries.

The specific objective is to enable smallholders, farmers' organisations and MSMEs to access to international and domestic horticultural markets, by complying with SPS issues and market requirements, in a sustainable framework.

The expected results are:

R.1. Export capacities of smallholders, farmers’ organisations and horticultural MSMEs are strengthened by complying with SPS measures and other market requirements (including environmental, social and ethical standards).
R.2. Horticultural MSMEs, smallholders and farmers’ organisations have the business skills and tools to be efficient, profitable and inclusive.
R.3. Linkages between smallholders, farmers’ organisations and horticultural MSMEs are reinforced.
R.4. Conditions for market access and competitiveness in ACP horticultural chains are monitored with a value chain approach and ACP interests are represented.
R.5. Public sector authorities have an enhanced capacity to support the horticultural sector, ensuring management and enforcement of SPS standards.
4.2 Main activities

R.1. Export capacities of smallholders, farmers’ organisations and horticultural MSMEs are strengthened complying with SPS measures and other market requirements.

Under this result, activities will focus on providing ACP businesses with appropriate knowledge and technologies needed to comply with regulatory and commercial requirements, use good practice, and supply food on a competitive and sustainable basis. Specific training will be provided directly to smallholders, farmers’ organisations and horticultural MSMEs.

A "Training of Trainers approach" will be used together with coaching (putting training into practice) and customised support to meet individual company needs. Training content will be based on accepted best practice, outputs of local/global research, and innovation research. The training “offer” will cover food safety, social and environmental modules, and new themes on sustainability, plant health, business practices, and innovation. Capacity building activities will take into account market trends and evolve to help companies adapt to changing regulations, private standards and buyer demands.

The programme will seek to make use of a network of over 1000 ACP service providers already trained in key areas (e.g. food safety, social accountability, teaching skills), and will use these local experts to deliver support to private and public sectors (under the results: R.1, R.2, R.5) This approach ensures a timely mobilisation of experts and durability of the expertise at ACP level.

R.2. Horticultural MSMEs, smallholders and farmers’ organisations have the business skills and tools to be efficient, profitable and inclusive.

MSMEs, farmers’ organisations and smallholders will receive support in good business practices, with basic and intermediate-level training tailored to company business model, capacity, and aspirations. It will cover business plans and skills, forward planning, risks and contingencies, and understanding and accessing financial services. Tools and information will be developed to help MSMEs, farmers’ organisations and smallholders identify and make informed decisions about opportunities, including develop added-value of exports. ACP businesses will also receive support to help them apply inclusive business models.

R.3. Linkages between smallholders, farmers’ organisations and horticultural MSMEs are reinforced.

This result will be based on a holistic value chain approach. The programme will identify private companies, which have a track record of cooperating with smallholders and set up accompanying measures to follow up the involvement of smallholders in agri-business arrangements, evaluating risks (including climate-related risks) and implementing strategies to respond to the identified risk. It will strengthen smallholder and farmers’ organisations through mutually beneficial linkages with horticultural MSMEs (i.e. outgrower scheme and contract farming).
R.4. Conditions for market access and competitiveness in ACP horticultural chains are monitored with a value chain approach and ACP interests are represented.

This result will focus on identifying and monitoring decisions, policies and trends that have a potential impact on competitiveness and market access for ACP suppliers. This covers the business environment (international standards, regulations, private standards, buyer practices) as well as the donor environment (development programmes and practitioners). The information will be used to (a) adjust programme activities in line with evolving market demands and (b) ensure ACP interests are represented by challenging unnecessary or unfair constraints and market access barriers, and by (c) strengthening the ACP capacity for lobbying and advocacy.

Mechanisms will be set up to follow value chain performance. By doing so, the programme will have evidence that there is an impact on economic growth, that building capacity of horticultural MSMES and smallholders farmers leads to tangible outcomes in terms of job creation (including women), income generation, and increased sustainable local and global agri-trade.

R.5. Public sector authorities have an enhanced capacity to support the horticultural sector, ensuring management and enforcement of SPS standards.

Main activities will strengthen the government's role in the development and enforcement of regulations and certification, related to specific value chains: (i) improving food inspection services, in order to carry out controls responding to EU and international standards and (ii) facilitating the establishment of public-private platforms on SPS and food safety issues, advocating for reforms in the legal and regulatory SPS framework.

Training will be provided directly to civil servants in different services (competent authorities) at national and regional level. This result will be a key element of the methodological approach for increasing the capacity of the national and regional public institutions on animal health, plant health and food safety related issues.

4.3 Intervention logic

Based on the context analysis, the risks and assumptions and the lessons learnt, the proposed intervention logic aims at strengthening an approach that has been validated by various evaluations, while addressing recommendations and adapting to the evolving context.

This intervention builds on the reach (through its membership) of a unique organisation, COLEACP, to implement activities that are aimed at having a multiplier effect such as capacity building activities and training of trainers. At the same time, it builds on the concentration of the various actors from smallholders to the agro-food industry within a single interprofessional organisation, to ensure that all actors have access to the information that is necessary to best adapt to SPS and market requirements, and an existing network of over 1000 ACP local experts.

This approach has been validated by past evaluations that have highlighted the relevance of implementing activities through a network of ACP exporters, European importers and professional organisations, representing the variety of actors of the value chains and of the
horticultural produces exported by ACP countries to Europe, to best adapt to evolving SPS and market requirements.

At the same time, the intervention will take into account the recommendations that have been highlighted under heading 3.1 and emphasis will be put on the need to enhance financial sustainability of these actions, notably through increased cofinancing/contributions from the private sector.

The intervention will be using a participatory approach (demand-driven approach with sensitization activities in all ACP regions) and based on cost-sharing principles with the private sector (financial leverage from private sector operators).

5 IMPLEMENTATION

5.1 Financing agreement
In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period
The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 84 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation 2015/322.

5.3 Implementation modalities

5.3.1 Grant: direct award for Fit For Market: Strengthening competitiveness and sustainability of the ACP horticultural sector (direct management)

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results
The objectives, results and priorities of the programme as described under heading 4, will be achieved through a single grant.

(b) Justification of a direct grant
Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to COLEACP (Europe-Africa-Caribbean-Pacific Liaison Committee).

Under the responsibility of the Commission’s authorising office responsible, the recourse to an award of grant without a call for proposals is justified by the type of activities necessary to
reach the objective and results identified, that can only be implemented with a high level of specialisation and technical competency.

COLEACP is the unique EU-ACP interprofessional association bringing together the ACP horticultural exporters/producers, EU horticultural importers and services providers in the field of SPS and market requirements issues. COLEACP has 327 members including 181 ACP exporters, 24 EU importers, 39 professional organisations (mainly representing smallholders) and 77 service providers, jointly representing 85% of the trade flows of fruits and vegetables from ACP countries to the EU.

As such, COLEACP is the only organisation that at the same time covers all ACP countries, has a proven expertise in the field of SPS issues and market requirements relevant for ACP actors, and is able to provide capacity building activities to an important number of stakeholders through an existing network of more than 1000 ACP experts.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 80%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission’s authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement

First quarter of 2016.

5.4 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 in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.
5.5 Indicative budget

<table>
<thead>
<tr>
<th></th>
<th>EU contribution (amount in EUR)</th>
<th>Indicative third party contribution, in currency identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.3.1 Direct grant to COLEACP</td>
<td>20 000 000 EUR</td>
<td>EUR 5 000 000</td>
</tr>
<tr>
<td>5.8. Evaluation and 5.9. Audit</td>
<td>300 000 N.A</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>20 300 000 EUR</td>
<td>EUR 5 000 000</td>
</tr>
</tbody>
</table>

5.6 Organisational set-up and responsibilities

A Steering Committee should be set up to provide strategic guidance, oversee the overall direction and policy, and monitor the progress of programme implementation. The Steering Committee shall meet as required, but at least once a year. The Steering Committee will be composed of representatives from the European Commission, the ACP Secretariat and the Board of COLEACP. Other stakeholders may be represented with and observer status, upon invitation by the Steering Committee. Specialist contributors may be invited on an ad hoc basis when necessary, drawn from international organisations, from ACP regional organisations or other competent institutions.

5.7 Performance 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. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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).

5.8 Evaluation

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

The mid-term evaluation will be carried out for problem solving and learning purpose.
The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the holistic approach of the programme is innovative.

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

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

Indicatively, two contracts for evaluation services shall be concluded under a framework contract in the mid-term and final period of implementation.

5.9 Audit

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 audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in the final period of programme implementation.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.
List of Acronyms

ACP : Africa, Caribbean and Pacific
BTSF : Better Training for Safer Food
COLEACP : Europe-Africa-Caribbean-Pacific liaison Committee
CSR : Corporate Social Responsibility
CTA : Technical Centre for Agricultural and Rural Cooperation
EDES : EU-ACP Development of Food Safety Systems programme
EPA : Economic Partnership Agreement
EU : European Union
EUROPHYT : European Union Notification System for Plant Health Interceptions
FVO : Food and Veterinary Office
GDP : Gross domestic product
GPGC : Global Public Goods and Challenges
MSMEs : Micro, Small and Medium Enterprises
OIE : World Organisation for Animal Health
PIP1 : Programme Initiative Pesticide (PIP phase 1)
PIP2 : Programme Qualité et Conformité des Fruits et Légumes (PIP phase 2)
RECs : Regional Economic Communities
SPS : Sanitary and Phytosanitary
STDF : Standards and Trade Development Facility
TBT : Technical Barriers to Trade
WB : World Bank
WHO : World health Organisation
WTO : World Trade Organisation
The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

<table>
<thead>
<tr>
<th>Intervention logic</th>
<th>Indicators</th>
<th>Baselines</th>
<th>Targets</th>
<th>Sources and means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall objective</strong></td>
<td>Reduce poverty, improve food security and food safety and ensure sustainable and inclusive growth by strengthening the agri-food export sector in ACP countries</td>
<td>Job creation income increases Total value added in targeted value chains</td>
<td></td>
<td>- ACP national statistics</td>
<td>- ACP agri-food export sector is competitive at global level.</td>
</tr>
<tr>
<td><strong>Specifics objective</strong></td>
<td>Enable smallholders, farmers’ organisations and MSMEs to access to international and domestic horticultural markets, by complying with SPS issues and market requirements, in a sustainable framework</td>
<td>Volume of exported horticultural products increases in ACP countries</td>
<td></td>
<td>- Import / Export Eurostat statistics</td>
<td>- Prices for horticultural products remain stable. - Fair added value and its distribution along the value chain are ensured - National authorities give a priority to strengthening the food safety system</td>
</tr>
<tr>
<td><strong>Outcome 1</strong></td>
<td>Export capacities of smallholders, farmers’ organisations and horticultural MSMEs are strengthened by complying with SPS measures and other market requirements</td>
<td>- Number of horticultural MSMEs receive technical assistance in SPS and other market requirements - Number of FOs receive</td>
<td></td>
<td>- Project Activities reports and Evaluation &amp; Monitoring</td>
<td>- Small-scale farmers, farmers’ organisations and agribusiness SMEs are</td>
</tr>
</tbody>
</table>

4 Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

[19]
<table>
<thead>
<tr>
<th>Outcome 2</th>
<th>Horticultural MSMEs, smallholders and farmers’ organisations have the business skills and tools to be efficient, profitable and inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Number of private operators applying good labour practices</td>
</tr>
<tr>
<td></td>
<td>- Number of smallholders applying Good Agricultural practices</td>
</tr>
<tr>
<td></td>
<td>- Number of private operators applying principles of responsible governance on land tenure</td>
</tr>
<tr>
<td></td>
<td>- Number of private operators promoting responsible business practices</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outcome 3</th>
<th>Linkages between smallholders, farmers’ organisations and horticultural MSMEs are reinforced</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Number of small-scale farmers and/or FOs participating in export supply chains through contracting schemes</td>
</tr>
<tr>
<td></td>
<td>- Number of farmers benefiting from inclusive businesses in targeted value chains (contract farming, outgrowers schemes)</td>
</tr>
<tr>
<td></td>
<td>- Number of multi-</td>
</tr>
<tr>
<td>Outcomes</td>
<td>Description</td>
</tr>
<tr>
<td>----------</td>
<td>-------------</td>
</tr>
</tbody>
</table>
| Outcome 4 | Conditions for market access and competitiveness in ACP horticultural chains are monitored with a value chain approach and ACP interest are represented | - Job creation (including women)  
- Income generation | - Project Activities reports and Evaluation & Monitoring system | Public sector authorities have an enhanced capacity to support the horticultural sector, ensuring management and enforcement of SPS standards  
- Number of EUROPHYT interceptions from ACP countries diminish  
- FVO reports set up in countries where civil servant have been trained  
- Process based control procedures are developed and implemented in at least number of ACP countries  
- A data base with inspection controls in number of ACP countries  
- Number of PPPs proposing reforms in the SPS framework  
- Number of public-private joint initiatives implemented in the SPS field | - EUROPHYT notifications  
- FVO reports  
- ACP national statistics | - Sufficient human and financial resources are allocated to public institutions taking part of the food safety system. |