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ANNEX 5

of the COMMISSION IMPLEMENTING DECISION on the financing of the Multi-Annual Action Plan for Global Challenges – Partnerships for 2022-2023

Action Document for the “Sustainable Finance Advisory Hub”

MULTI ANNUAL PLAN 2022-2023

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation, and action plans in the sense of Article 23(2) of NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Sustainable Finance Advisory Hub – Coordinating technical assistance on sustainable finance OPSYS number: ACT-60906 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Yes, link with Global Green Bond Initiative
3. Zone benefiting from the action	Global
4. Programming document	Multi Annual Indicative Programme for ‘Global Challenges’ Thematic Programme 2021-2027 Multi Annual Action Programme 2022-2023 for Partnerships
5. Link with relevant MIP(s) objectives / expected results	‘Partnerships’ pillar, specific objective 2: Stronger economic governance and inclusive societies As outlined in the MIP, the proposed action is intended to contribute to the specific objectives of enhancing global and multilateral partnerships, particularly around financing the SDGs, and to the expected result of mobilising additional financial resources for developing countries from multiple sources.
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Good governance, sustainable finance DAC code 240: Banking and financial services
7. Sustainable Development Goals (SDGs)	Main SDG: 17 Strengthen the means of implementation and revitalise the global partnership for sustainable development Other significant SDGs: SDG 13 (take urgent action to combat climate change and its impacts)

8 a) DAC codes	24010 - Financial policy and administrative management 24020 - Monetary institutions 24030 - Formal sector financial intermediaries 24040 - Informal/semi-formal financial intermediaries 24081 - Education/training in banking and financial services			
8 b) Main Delivery Channel	Other public entities in donor country - 11004			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective
Digitalisation @		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
digital connectivity		YES <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/>	
digital governance digital entrepreneurship		<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	

	digital skills/literacy digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health education and research	YES <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	BUDGET INFORMATION			
12. Amounts concerned	Budget line: 14 02 02 43 Total estimated cost for 2022: EUR 12 million Total amount of EU budget contribution for 2022: EUR 12 million			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing¹	Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.1			

1.2 Summary of the Action

This action will aim to support our partner countries in building a conducive environment for sustainable finance in coherence with EU and international practices so as to contribute to global interoperability and help redirecting international capital flows from where it sits to where it is the most needed. The action will also support the coordination of technical assistance activities on sustainable finance by our implementing partners ensuring an EU harmonised high quality offer/support on sustainable finance to low and middle-income countries.

This action will help our partner countries to access greater capital from private investors for high quality infrastructure investments, supporting them in their transition to a green, resilient and fair economy and a lasting sustainable recovery. **It will hence be instrumental to achieving the objectives of the Global Gateway, by contributing to mobilising in a Team Europe approach the needed financing from the private sector for the massive infrastructure investments that are required to tackle the most pressing global challenges, from fighting climate change to improving health systems.**

In so doing, the action will support part of the activities of the **Team Europe Sustainable Finance Advisory Hub** (the ‘Hub’), which will pool and coordinate EU technical assistance expertise to support low- and middle-income countries through a three-pillar approach and a cross-cutting activity (centre of expertise, global coordination and knowledge exchange). **More specifically, the action will support Pillar 1 as well as the cross-cutting activity of the Sustainable Finance Advisory Hub as outlined below. Pillar 2 and 3, not supported by this action, will be financed through other means.**

¹ Art. 27 NDICI

➤ **Cross cutting: centre of expertise, global coordination and knowledge exchange**

This activity will coordinate technical assistance activities by our implementing partners and to ensure an EU harmonised high quality offer/support on sustainable finance to low and middle-income countries.

The **EU strategic centre of expertise** will be a forum for policy discussions on global sustainable finance developments and contribute to define a strategic vision and steer for the Hub's Pillars and the activities under each of the three Pillars in line with international developments and the upcoming EU Sustainable Finance Strategy for low- and middle-income countries the Commission is developing with the support of a High-Level Expert Group. It will also allow for knowledge sharing and developing consistent approaches to promote sustainable finance frameworks (including taxonomies, standards, disclosure and ESG rating) in our partner countries. Through a harmonised Team Europe approach, we would make sure to support countries in a consistent manner and, most importantly, inspired by EU good practice promoting EU frameworks and ambitions.

➤ **Pillar 1: Credible Sustainable finance frameworks in coherence with the EU and/or international practices**

Pillar 1 will support our partner countries in building a conducive environment for sustainable finance in coherence with EU and international practices so as to contribute to global interoperability and help redirecting international capital flows from where it sits to where it is the most needed.

More specifically, Pillar 1 will support partner countries in developing credible sustainable finance frameworks (e.g. sustainable taxonomy, ESG standards & labels, sustainability-related disclosure) as close as possible to those of the EU and/ other international practices, contributing to global interoperability and bringing clarity on commonalities and differences between frameworks, including on the 'do no harm principle'. This is key to help them accessing greater international capital for their local sustainable projects. By doing so, Pillar 1 promotes global market transparency, market integrity, prevent green washing and, thus, facilitates green cross-border financial flows to where they can achieve the greatest impact.

➤ **Pillar 2: support to Green Bond issuances, TA for the Global Green Bond Initiative (GGBI)**

Pillar 2 will aim to assist (first time) green bond issuers in our partner countries throughout the green bond issuance process and hence promote the development of their green bond market, in function of the development of discussions on the Team Europe Global Green Bond Initiative (GGBI).

➤ **Pillar 3: support to other sustainability-related financial instruments and products**

Pillar 3 will assist (first time) issuers of other sustainability-related financial instruments other than green bonds, such as thematic loans, social and sustainability-linked bonds or impact investment vehicles, as well as first time lenders of thematic loans throughout their process and, hence, promote their development. The activities under Pillar 3 especially will be informed by other sustainable finance initiatives as well as the work of the High-Level Expert Group which will support the Commission as it develops a comprehensive EU Sustainable Finance Strategy for low- and middle-income countries

The action aims to leverage the long-standing experience and resources of EU development agencies and development finance institutions (DFIs) to build synergies and promote enhanced coordination to support partner countries in mobilising sustainable finance, leaving no one behind and integrating gender equality considerations. The Action will build on current efforts initiated by partner countries' institutions and pay close attention to country ownership, in complementarity with other donors' support programmes.

2 RATIONALE

2.1 Context

The Global Challenges Programme of NDICI-Global Europe sets out the global and multilateral dimension of implementation of EU's political priorities. It aims to strengthen the EU as a global actor on the multilateral scene,

as well as the delivery of the UN 2030 Agenda and the Paris Agreement to help eradicate poverty, reduce inequalities and achieve sustainable development.

The global need for high quality infrastructure investment in particular not only holds the key for sustainable development across the world but is a crucial part of the puzzle for fighting climate change and protecting the environment, improving global health security and boosting the competitiveness of the world economy. According to G20 estimates, the global infrastructure investment deficit will reach €13 trillion by 2040. If we take into account the further infrastructure investment needed to limit climate change and environmental degradation, that figure then jumps to €1.3 trillion every year.

Under its Global Gateway strategy the EU aims to mobilise up to €300 billion between 2021 and 2027 for major investment in high quality infrastructure development around the world dedicated to tackle the most pressing global challenges, from climate change and protecting the environment, to improving health security and boosting competitiveness and global supply chains. Given the scale of the investment needs, it is clear that public finance alone will not suffice. **Accelerating private financial flows towards sustainable infrastructure investments in our partner countries will be critical to collectively deliver on Global Gateway, leaving no one behind.** In addition, promoting sustainable finance is one of the objectives of the European Green Deal as it has the potential to contribute to the mobilisation of private capital towards the fight against climate change, its impacts and environmental degradation.

This Action **aims hence to contribute to the Global Gateway objectives of sustainable and trusted connections** that work for people and the planet. It seeks to support stronger economic governance and inclusive societies in a challenging economic context for partner countries.

Through its domestic efforts, the **EU has become the world leader in building credible sustainable finance frameworks**, notably with the the EU Taxonomy, the Sustainable Finance Disclosure Regulation (SFDR), the proposed Corporate Sustainability Reporting Directive (CSRD), the Climate transition benchmark and the Paris-aligned benchmarks as well as the proposed voluntary EU green bond standard. Further, it is the largest issuer of green bonds, financing an important share of its recovery programme NextGenerationEU via green bonds. On their side, EU Development Finance Institutions (DFIs) and development agencies are playing a crucial role in developing local financial and capital markets notably by supporting the necessary policy reforms.

Major developments have also taken place on the international stage of sustainable finance, for example through the recent relaunch of the G20 Sustainable Finance Working Group by the Italian G20 Presidency and the International Platform on Sustainable Finance (IPSF) initiated by the EU. Sectoral initiatives led by flagship international bodies/networks (such as the International Organisation of Securities Commissions IOSCO) and national institutions components of financial markets architecture (such as Central Banks & Regulators gathered in the Network for Greening the Financial Sector NGFS, and financial centres gathered in UN-convened Financial Centres 4 Sustainability) are also creating an impulse in developing countries. Several of them are developing sustainable finance schemes and strategies at national level (Brazil, Morocco, Mongolia, Malaysia, Kenya, Nigeria etc.) or regional level (Marrakech Pledge for African continent).

In light of this, **the EU, EU development agencies and EU DFIs are particularly well placed to coordinate efforts in a Team Europe approach to support sustainable finance** in our partner countries, building credible and coherent sustainable finance frameworks and standards. A Team Europe approach and increased coordination, relying on the partners' respective expertise, notably in terms of countries and sectors, will result in more coherence, increased efficiency, more visibility and, eventually, higher impact. The action will contribute towards putting the EU on the map as the reference partner in sustainable finance, projecting its domestic leadership externally in this domain. It will also position the EU better to cooperate with other sustainable finance partners (including the OECD, the Coalition of Finance Ministers for Climate Action, the SBFN led by the IFC, the recently launched UNDP Climate Finance Network and the Green Climate Fund).

Finally, as announced in the Strategy for Financing the Transition to a Sustainable Economy published in July 2021, the Commission intends to put forward a comprehensive EU Sustainable Finance Strategy for low- and middle-income countries.

2.2 Problem Analysis

In the context of low- and middle-income countries' green transition and recovery strategies, there is a growing **demand for global and domestic finance to support local sustainable development, particularly in sustainable infrastructure**. This requires the development of sustainable finance frameworks and promotion of sustainability-related financial instruments in line with international good practices. First, credible and coherent sustainable finance frameworks are a necessary condition to provide confidence to investors that activities are truly green, to reduce transaction costs, avoid market fragmentation, and hence to promote cross-border sustainable capital flows. Second, developing markets for sustainability-related instruments like green bonds has the potential to mobilise private investments towards the SDGs and especially sustainable infrastructure, climate mitigation, adaptation and environmental activities and projects, **aligned with the objectives and Global Gateway**. However, this will require dedicated and coordinated technical assistance support. For instance, in low- and middle-income countries, due to specific barriers, sustainability-related financial instruments such as thematic bonds and green loans remain largely underdeveloped and continue to grow at a much slower pace than in developed countries.

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

(Part of) this action will be implemented with the development finance institutions and development agencies of the EU Member States in a Team Europe approach. Additionally, the technical assistance provided through the Sustainable Finance Advisory Hub will benefit a variety of stakeholders at different stages of readiness for sustainable finance. Potential clients of the Hub are public sovereign authorities, sub-sovereign entities as well as corporates, including financial institutions and financial intermediaries. These include primarily Ministries of Finance or Environment, Central banks, other market authorities responsible for policy making in the area of sustainable finance as well as financial institutions (such as banks, microfinance institutions and pension and sovereign funds), insurance companies, non-financial institutions and other potential issuers.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is, through a Team Europe Sustainable Finance Advisory Hub ('Hub'), is to build a conducive environment for sustainable finance to contribute to mobilize financing for the priorities of the Global Gateway, in support of the SDGs.

The Specific Objective of this action is to develop sustainable finance ecosystems in low- and middle-income countries taking into account local contexts while aligning with international good practice and, to the extent possible, building on EU frameworks and standards, **to scale up the mobilisation of private capital towards sustainable (infrastructure) investments, in line with the objectives of Global Gateway**.

The action will deliver the following results (Outputs), contributing to the Specific Objective:

- 1.1. Governments in low- and middle-income countries develop reliable and credible sustainable finance frameworks and principles ensuring global consistency to enable cross-border flows of capital and to avoid greenwashing and leveraging, where applicable, the EU's experience.
- 1.2. A strategic centre for EU sustainable finance technical assistance expertise is created as a forum for policy discussions on global sustainable finance developments, contributing to define a strategic vision and steer for the Hub's Pillars and the activities under each of the three Pillars in line with international developments and the upcoming EU Sustainable Finance Strategy for low- and middle-income countries the Commission is developing with the support of a High-Level Expert Group. It will also allow the Hub's stakeholders to exchange ideas and lessons learnt based on the different sustainable finance external action interventions in order to further refine the Hub's offer and to increase the coherence of services across different implementing partners and countries.

3.2 Indicative Activities

Activities relating to Output 1.1: Provide technical and advisory services and short, medium to long-term support to

different stakeholders in low- and middle-income countries, including public sovereign authorities, sub-sovereign entities as well as financial market participants and corporations, with an aim to notably:

- Develop strategies for the promotion of sustainable finance, especially for sustainable infrastructure investments under Global Gateway, tailored to a country's needs and specificities, embedded into national development strategies and/or Integrated National Financing Frameworks (INFFs) to the extent possible;
- Develop a sustainable taxonomy, to the extent possible inspired by the EU Taxonomy adapted to reflect context-specific realities and providing transparency on any resulting commonalities and divergences with the EU Taxonomy;
- Promote the take-up of ESG (Environmental, Social and Governance) disclosure requirements, aimed at making the sustainability profile of funds and other financial market participants more comparable and better understood by end-investors;
- Integrate ESG and climate-related considerations and risks in prudential regulation and supervision with the relevant authorities (including central banks) to enhance the resilience of financial systems;
- Strengthen ESG practices, sustainability-related disclosure and risk management frameworks in financial institutions (including through environmental scenario analysis, climate stress testing etc.);
- Develop green bond frameworks (standards/principles) with the relevant market authorities building on the EU experience to the extent possible;
- Develop thematic bond frameworks (standards/principles) (other than green bonds covered under Output 1.2) as well as standards for loans and other banking products with the relevant authorities to help raise the climate/environmental/social ambitions of the associated markets, inspired by EU standards to the extent possible and starting from widely international frameworks and principles.

Activities relating to Output 1.2: As part of the Hub, a strategic EU centre for sustainable finance technical assistance expertise in support of emerging green and sustainable financial markets will:

- Assess and map current activities of different partners (both within and outside the Hub);
- Observe and discuss sustainable finance developments along the three Pillars;
- Develop quality standards for interventions in the three Pillars;
- Conduct research, develop knowledge products such as sets of tools, guidance notes, best-practice business cases, diagnostic/gap assessment methodologies;
- Organise workshops at national, regional and global level to exchange best practices and lessons learnt.

3.3 Mainstreaming

Environmental Protection & Climate Change

The Overall Objective of this action is to set-up a European coordinated offer of sustainable finance advice through a Sustainable Finance Advisory Hub to provide support to low- and middle-income countries in their efforts to develop sustainable finance ecosystems in line with international good practice and, to the extent possible, building on EU frameworks and standards. Promoting sustainable finance is one of the objectives of the European Green Deal as it has the potential to contribute to the mobilisation of private capital towards the fight against climate change, its impacts and environmental degradation. The development of green bond markets in low- and middle-income countries will promote mobilising private investments and enhance partner country stakeholders' capacity to do so in the future towards climate mitigation and adaptation activities and projects, aligned with the objectives of the Global Gateway. These include, but are not limited to: building renewable energy capacity, promoting and supporting countries' green transition strategies, building climate resilience, nature-based solutions for adaptation and sustainable and smart mobility and cities.

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

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

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

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

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

within a project)

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment).

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1.

Human Rights

Through supporting the development of conducive environments for sustainable investments in low- and middle-income countries, the action aims to improve the regulatory frameworks and their predictability, which will ultimately benefit all financial actors in a given context. Additionally, as the resulting investments target sustainability-related projects, the action will also result in building more resilience of beneficiaries in a more indirect way.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0.

Democracy

Through supporting the development of conducive environments for sustainable investments in low- and middle-income countries, the action aims to improve the regulatory frameworks and their predictability, which will ultimately benefit all financial actors in a given context. Additionally, as the resulting investments target sustainability-related projects, the action will also result in building more resilience of beneficiaries in a more indirect way.

Conflict sensitivity, peace and resilience

By helping to mobilise private finance towards sustainable investments and away from non-sustainable investments, the action will actively promote a do no harm approach.

Disaster Risk Reduction

The Action will help, through sustainability-related financial instruments and through the development of sustainable finance frameworks and standards, to mobilise private investments towards sectors and activities which have the potential to reduce disaster risks and strengthen disaster risk resilience. These activities include, but are not limited to: promoting nature-based solutions in both the energy and water and sanitation sectors as well as green mobility, sustainable cities (through green bonds for instance) and strengthening health and education infrastructure (through social and sustainability-linked bonds).

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Planning processes and systems	In case of interest from several implementing partners, the complexity of contracting and establishing appropriate governance arrangements for the Hub will increase	High	Low	Implementing partners are being involved in the discussions around the Hub's governance arrangements from an early stage. There is therefore a clear understanding on the role each partner wants to play and which governance structure would work best.

	considerably.			
Planning, processes and systems	The technical assistance facility offer is too standardised and is therefore of lower relevance to different country contexts and stakeholder needs.	Medium	Medium	Dialogues, including through the EU centre for sustainable finance expertise at country and regional level will be an ongoing process that will allow a clear understanding of the demands that might come from stakeholders.
Communication and information	Key stakeholders are not well aware of the offer of this facility.	Low	Medium	A specific activity on communication and outreach is foreseen to raise awareness of the activities of the Hub among its potential clients and stakeholders. In addition, EU Delegations will play an important role to ensure stakeholders' understanding of the type of services provided.

Lessons Learnt:

The set-up of the Sustainable Finance Advisory Hub will be based on a comparative analysis between different facilities of a similar nature, both within and outside the European Commission. Based on this, the most appropriate and efficient governance and contractual arrangements for this initiative will be chosen.

In addition, through the involvement of implementing partners in the design of the initiative in the early stages, the Hub will be able to incorporate and address the lessons learnt from partners' previous experiences regarding the implementation of sustainable finance technical assistance activities.

3.5 The Intervention Logic

The underlying intervention logic for this action is to scale up sustainable finance in low- and middle-income countries through a Sustainable Finance Advisory Hub. The Hub will aim at providing support to low- and middle-income countries in their efforts to develop context-specific sustainable finance ecosystems in line with international good practices and, to the extent possible, building on EU frameworks and standards, to scale up the mobilisation of private capital towards sustainable (infrastructure) investments, in line with the objectives of Global Gateway. The operations of the Hub will be successful if it can contribute to outputs along these dimensions: 1) the development of reliable and credible sustainable finance frameworks and principles ensuring global consistency to enable cross-border flows of capital and to avoid greenwashing and leveraging, where applicable, the EU's experience and 4) the set-up of a strategic EU centre for sustainable finance technical assistance expertise in low- and middle-income countries.

The specific objective will be achieved if stakeholders in low- and middle-income countries are sufficiently aware of the Hub's offer, if the technical assistance offer is well tailored to specific country contexts and if the complexity of contracting with a potentially large number of implementing partners in a Team Europe approach is well managed.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

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

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

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

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

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Sources of data	Assumptions
Impact	Sustainable finance is promoted and scaled up in low- and middle-income countries through a Team Europe Sustainable Finance Advisory Hub.	1 Volume of sustainable finance flows to low- and middle-income countries.	1. Climate Bonds Initiative data platform (green, social and sustainability issuances)	<i>Not applicable</i>
Outcome 1	1 Sustainable finance ecosystems are developed in low- and middle-income countries taking into account local contexts while aligning with international good practice and, to the extent possible, building on EU frameworks and standards, to scale up the mobilisation of private capital towards sustainable (infrastructure) investments, in line with the objectives of Global Gateway.	1.1 Number of initiatives, schemes, norms, principles or standards, at national, sub-national or regional level supported in the development of sustainable finance ecosystems.	1.1 Hub reporting	The Hub is able to receive and handle a potentially large number of requests for services and is able to efficiently coordinate and implement activities.

Output 1 relating to Outcome 1	1.1 Governments in low- and middle-income countries develop reliable and credible sustainable finance frameworks and principles ensuring global consistency to enable cross-border flows of capital and to avoid greenwashing and leveraging, where applicable, the EU's experience.	1.1.1 Number of initiatives, schemes, norms, principles or standards, at national, sub-national or regional level supported in the development of reliable and credible sustainable finance frameworks. 1.1.2 Number of initiatives, schemes, norms, principles or standards, at national, sub-national or regional level supported in the development of reliable and credible sustainable finance frameworks aligned with the EU ones.	1.1.1 Hub reporting 1.1.2 Hub reporting	The Hub is able to receive and handle a potentially large number of requests for services and is able to efficiently coordinate and implement activities.
Output 2 relating to Outcome 1	1.2 A strategic centre for EU sustainable finance expertise is created to exchange ideas and lessons learnt based on the different interventions in order to further refine the Hub's offer and to increase the coherence of services across different implementing partners and countries.	1.2.1 Number of meetings of the strategic centre for EU sustainable finance expertise 1.2.2 Number of guidance documents, manuals, tools, communication products developed by the Hub	1.2.1 Hub reporting 1.2.2 Hub reporting	Implementing partners and other stakeholders agree to exchange on a regular basis on their experiences and lessons learnt.

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

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

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of adoption by the Commission of this Financing Decision.

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

4.3 Implementation Modalities

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

4.3.1 Indirect Management with a pillar assessed entity

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

- operational capacity to coordinate and manage EU contributions as well as to coordinate with other implementing partners;
- experience in providing sustainable finance advisory services to stakeholders in low- and middle-income countries, as related to Output 1.1;
- experience in managing and organising meetings for forums and workshops of exchange among different stakeholders and implementing partners, as related to Output 1.2.

If negotiations with the entities fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 4.3.2.

4.3.2 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances

When the modality of indirect management as described in Section 4.3.1 cannot be implemented due to circumstances outside the Commission's control, the alternative modality for implementing the above described activities would be direct management (procurement).

The procurement will contribute to achieving all objectives and results described in section 3.

4.4. Scope of geographical eligibility for procurement and grants

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

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

4.5. Indicative Budget

Indicative Budget components	EU contribution
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	(amount in EUR)
Indirect management with pillar assessed entities – cf. section 4.3.1.	12 000 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	May be covered by another Decision ²
Total	12 000 000

4.6. Organisational Set-up and Responsibilities

The governance arrangements of the Sustainable Finance Advisory Hub will depend on the discussions with implementing partners and other potential donors to the initiative. At the very least, these governance arrangements will allow for the participation of a wide variety of stakeholders, including the Commission, the other donors, the implementing partners themselves, partner country representatives as well as from civil society.

Tentatively, as part of the governance arrangements of the Hub, a Secretariat will be created which will be responsible for:

- overseeing implementation, acting upon the request from partner country stakeholders and distributing the work among the members of the Hub;
- strategic planning, preparing meetings of the Hub's governance structure, develop work plan and strategy;
- organising knowledge management and policy discussions, supporting the strategic centre for sustainable finance expertise;
- facilitating contact between (a pool of) implementation experts and the European Commission and other donors;
- targeted awareness raising to stakeholders in low- and middle-income countries to generate demand for the Hub.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

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

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

Roles and responsibilities for data collection, analysis and monitoring:

The implementing partner(s) for this action will be responsible for the data collection, analysis and monitoring of the indicators described in section 3. This will not require additional resources beyond those already included in the

² Where the action is not covered by a financing agreement (see section 4.1), but 'will be covered by another Decision' as it is unlikely that evaluation and audit contracts on this action would be concluded within N+1. These contracts have to be authorised by another Financing Decision.

action. The data collection and analysis will in turn be verified by the Directorate-General for International Partnerships.

5.2. Evaluation

Having regard to the nature of the action, an evaluation will not be carried out for this action or its components.

In case an evaluation is not planned, the Commission may, during the implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

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

5.3. Audit and Verifications

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

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

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

Appendix REPORTING IN OPSYS

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

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

The present Action identifies as;

Action level		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action
Group of actions level		
<input type="checkbox"/>	Group of actions	
Contract level		
<input type="checkbox"/>	Single Contract 1	