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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX**

to the Commission Implementing Decision on the financing of the multiannual individual measure in favour of the European Fund for Sustainable Development Plus (EFSD+) Technical Assistance 2022-2023

**Action Document for Technical Assistance to support the implementation of EFSD+ Guarantee Agreements**

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

## 1 SYNOPSIS

### 1.1 Action Summary Table

<b>1. Title CRIS/OPSYS business reference Basic Act</b>	Technical Assistance to support the implementation of EFSD+ Guarantee Agreements OPSYS number: ACT-61561  Financed under the Neighbourhood, Development and International Cooperation Instrument ( <u>NDICI-Global Europe</u> )
<b>2. Team Europe Initiative</b>	The Technical Assistance for EFSD+ will contribute to the implementation of Team Europe Initiatives that will be formalised in the contribution agreements following the approval of EFSD+ PIPs
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Sub-Saharan Africa, in Asia and the Pacific, and in the Americas and the Caribbean.
<b>4. Programming document</b>	Sub-Saharan Africa Multi-annual Indicative Programme 2021-2027 (SSA MIP); the Americas and the Caribbean Regional Multi-annual Indicative Programme 2021-2027 (AC); and Asia and the Pacific Regional Multi-annual Indicative Programme 2021-2027 (AP) <sup>1</sup> .
<b>5. Link with relevant MIP(s) objectives / expected results</b>	<u>SSA MIP:</u> <ul style="list-style-type: none"> <li>- Priority Area (PA) 4: Digital and Science, Technology and Innovation, notably but not exclusively: <ul style="list-style-type: none"> <li>o Specific objective (SO) 1: Support an inclusive and human-centric Digital transformation in Africa;</li> <li>o Result 1.2: Equitable access to affordable, secure and quality digital infrastructures is enhanced.</li> </ul> </li> <li>- PA 5: Sustainable Growth and Decent Jobs, notably but not exclusively: <ul style="list-style-type: none"> <li>o SO 1: Increase sustainable intra-African trade and mobility, making them safer, cheaper, faster and greener; and strengthening Africa-EU trade;</li> <li>o Result 1.3: Sustainable regional and multi-country infrastructure for land, air, and water transport is reinforced.</li> </ul> </li> </ul>

<sup>1</sup> Cfr. [https://international-partnerships.ec.europa.eu/funding/funding-instruments/global-europe-programming\\_en](https://international-partnerships.ec.europa.eu/funding/funding-instruments/global-europe-programming_en)

	<p><u>AC MIP:</u> all Priority Areas (PA) specified in the MIP, namely:</p> <ul style="list-style-type: none"> <li>- PA 1: Green Transition;</li> <li>- PA 2: Digital Transformation and Innovation;</li> <li>- PA 3: Sustainable and Inclusive Economy;</li> <li>- PA 4: Democratic Governance, Security and Migration; and</li> <li>- PA 5: Social cohesion and addressing inequalities.</li> </ul> <p><u>AP MIP:</u></p> <p>Section 3 – Support Measures includes a specific paragraph on support to investments under the EFSD+, which is substantiated in the EFSD+ intervention framework included under Attachment 1.</p> <p>Here, the EFSD+ is envisaged to support the General objective of contributing to long-term sustainable and socially inclusive economic growth in the Asia-Pacific region, by promoting strategic investments with a priority focus on green growth and green economy while also promoting digitalization and job creation.</p> <p>Specific objectives as follows:</p> <ul style="list-style-type: none"> <li>- SO 1: Supporting strategic and inclusive investments in the fields of climate change and resilience, energy transition, sustainable connectivity, urbanisation water and agriculture, and sustainable management of natural resources, biodiversity and ecosystems;</li> <li>- SO 2: Boosting strategic and inclusive investments for job creation and sustainable growth, by leveraging private sector resources as additional funding source;</li> <li>- SO 3: To improve equal access to digital infrastructure and foster inclusive digital entrepreneurship and job creation for women, men, girls and boys in all their diversity.</li> </ul>
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	<p><u>SSA MIP:</u></p> <ul style="list-style-type: none"> <li>- Priority Area (PA) 1: Human Development;</li> <li>- PA 3: Green Transition;</li> <li>- PA 4: Digital and Science, Technology and Innovation;</li> <li>- PA 5: Sustainable Growth and Decent Jobs;</li> <li>- PA 6: Migration, Mobility, and Forced Displacement.</li> </ul> <p><u>AC MIP:</u></p> <ul style="list-style-type: none"> <li>- PA 1: Green Transition;</li> <li>- PA 2: Digital Transformation and Innovation;</li> <li>- PA 3: Sustainable and Inclusive Economy;</li> <li>- PA 4: Democratic Governance, Security and Migration;</li> <li>- PA 5: Social cohesion and addressing inequalities.</li> </ul> <p><u>AP MIP:</u> EFSD+ in support of all PAs.</p> <ul style="list-style-type: none"> <li>- PA 1: Regional Integration and Cooperation;</li> <li>- PA 2: Pursuing EU Interests with Key Partners;</li> <li>- PA 3: Migration, Forced Displacement and Mobility</li> </ul>
<b>7. Sustainable Development Goals (SDGs)</b>	<p>Main SDG (1 only):</p> <ul style="list-style-type: none"> <li>- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;</li> </ul>

	<p>Other significant SDGs:</p> <ul style="list-style-type: none"> <li>- SDG 1: Ending poverty in all its forms;</li> <li>- SDG 2: Ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture;</li> <li>- SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;</li> <li>- SDG 5: Achieve gender equality and empower all women and girls</li> <li>- SDG 6: Ensure availability and sustainable management of water and sanitation for all;</li> <li>- SDG 7: Access to affordable, reliable, sustainable and modern energy;</li> <li>- SDG 9: Industry, Innovation and Infrastructure;</li> <li>- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable;</li> <li>- SDG 12: Ensure sustainable consumption and production patterns;</li> <li>- SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</li> </ul>
<b>8 a) DAC code(s)</b>	<p>110 Education  121 Health, General  140 Water and sanitation;  15111 Public finance management (PFM);  15114 Domestic revenue mobilisation;  160 Other social infrastructure &amp; services;  16050 Multisector aid for basic social services;  210 Transport &amp; Storage;  220 Communications;  22020 Telecommunications,  22040 ICT  230 Energy  23110 Energy policy and administrative management;  232 Energy generation, renewable sources  236 Energy distribution  240 Banking financial services;  24040 Informal and semi-formal financial intermediaries;  250 Business &amp; other services;  310 Agriculture, Forestry, Fishing;  31110 Agriculture policy and administrative management.  32130 SME development;  331 Trade policies &amp; regulations  410 General Environment Protection  41010 Environmental policy and administrative management;  430 Other Multisector  43030 Urban development and management  43040 Rural development</p>
<b>8 b) Main Delivery Channel</b>	<p>11000 / 11004 – Donor Government / Other public entities in donor country;  41000 – United Nations agency, fund or commission (UN);</p>

	42000 / 42004 – European Investment Bank (EIB); 44000 – World Bank Group (WB); 46000 – Regional Development Bank; 61000 – Private sector in provider country.			
<b>9. Targets</b>	<input checked="" 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 checked="" type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers</b>  (from DAC form)	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>
Digitalisation @		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services		YES <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	NO <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	
Connectivity @		<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Covid-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

### BUDGET INFORMATION

12. Amounts concerned	Budget line(s) (article, item):		
	For 2022:		
	Budget Line	Name / Title	Commitment Appropriation
	14 02 01 30	Middle East and Central Asia	33,615,000.00
	14 02 01 31	South and East Asia	38,961,000.00
	14 02 01 32	The Pacific	8,424,000.00
	14 02 01 40	The Americas	20,638,800.00
	14 02 01 41	The Caribbean	6,361,200.00
	For 2023:		
	14 02 01 20	West Africa	70,000,000.00
	14 02 01 21	East and Central Africa	70,000,000.00
	14 02 01 22	Southern Africa and Indian Ocean	60,000,000.00
Total estimated cost: EUR 308,000,000.00			
Total amount of EU budget contribution EUR 308,000,000.00			
The contribution is for an amount of EUR 108,000,000.00 from the general budget of the European Union for year 2022 and for an amount of EUR 200,000,000.00 from the general budget of the European Union for year 2023, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.			

## MANAGEMENT AND IMPLEMENTATION

<b>13. Type of financing</b>	<p><b>Indirect management</b> with the entities to be selected in accordance with the criteria set out in section 4.3.2.</p> <p><b>Direct management</b> through Procurement.</p>
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### 1.2 Summary of the Action

NDICI - Global Europe (GE) Regulation<sup>2</sup> established EFSD+ and related budgetary guarantees as a means to support investments and increase access to financing in partner countries. Technical Assistance (TA) is an important part of EFSD+ that will enable implementation of budgetary guarantees in the global context. In accordance with that, Commission adopted three Decisions regarding Regional Multi-Annual Indicative Programmes (MIPs) 2021-2027 for Sub-Saharan Africa (SSA), Asia and the Pacific (AP), and the Americas and the Caribbean (AC),<sup>3</sup> confirming funding for EFSD+ TA activities.

The overall objective of the Action is to foster sustainable and inclusive economic, environmental and social development, and poverty reduction in partner countries, through investments in the following sectors: MSMEs; Connectivity (energy, transport and digital); Natural Capital (agriculture, biodiversity, forests, water); sustainable cities including sanitation and water sector; human development and sustainable finance. As such, the Action will contribute to achieve the objectives of the Global Gateway strategy, Green Deal and Jobs and Sustainable Inclusive Growth. All actions supported should be compatible with the objectives of the Paris Agreement and the “Do No Harm” principle.

The specific objective of the Action is to facilitate deployment of EFSD+ budgetary guarantees that are used to de-risk bankable projects with a developmental impact and crowd-in private sector financing. The innovative character of the guarantees makes the TA indispensable to develop a pipeline of transactions, as well as to facilitate the roll-out of the financial products, while ensuring the expected development impact. It will be particularly important to enable the operationalisation of the guarantees in fragile, Least Developed Countries (LDCs) context, ensuring that distribution of EFSD+ investments is balanced.

The Action is fully in line with the EU and partner countries’ priorities and supports, directly or indirectly, an overwhelming majority of Sustainable Development Goals (SDGs), and with cross-cutting issues such as gender equality, human rights, climate adaptation and environmental protection.

## 2 RATIONALE

### 2.1 Context

#### **European Fund for Sustainable Development plus (EFSD+)**

Following the successful implementation of EFSD, which targeted investments in Sub-Saharan Africa and the EU Neighbourhood countries, a new EFSD+ was set up under NDICI - GE Regulation and given a global scope. It is an integrated financial package supplying financing capacity in the form of grants, technical assistance, financial instruments, budgetary guarantees and blending operations across Sub-Saharan Africa (SSA), the Neighbourhood

<sup>2</sup> Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (Text with EEA relevance)

<sup>3</sup> COMMISSION IMPLEMENTING DECISION adopting a Multiannual Indicative Programme for Sub-Saharan Africa for the period 2021-2027, C(2021) 9373;

COMMISSION IMPLEMENTING DECISION adopting a Multiannual Indicative Programme for Asia Pacific Region for the period 2021-2027, C(2021) 9251;

COMMISSION IMPLEMENTING DECISION adopting a Multiannual Indicative Programme for the Americas and the Caribbean for the period 2021-2027, C(2021) 9356.

and Enlargement countries, Asia and the Pacific (AP), and the Americas and the Caribbean (AC). Budgetary guarantees under the EFSD+ are covered by the broader External Action Guarantee (EAG), in the amount of EUR 39.7 billion. This allocation encompasses EUR 26.7 billion for European Investment Bank (EIB) dedicated guarantees (sovereign and sub-sovereign lending) and EUR 13 billion for “open architecture” guarantees (commercial sub-sovereign and private sector operations), for the period 2021-2027.

In accordance with NDICI - GE Regulation, the purpose of the EFSD+ is to support investments and increase access to financing, in particular:

- i. Foster sustainable and inclusive economic, environmental and social development, transition into sustainable value-added economy and a stable investment environment;
- ii. Promote socio-economic and environmental resilience in partner countries with a particular focus on the eradication of poverty;
- iii. Contribute to: (i) the reduction of socio-economic inequalities, (ii) sustainable and inclusive growth, (iii) climate change adaptation and mitigation, environmental protection and management, (iv) the creation of decent jobs on the basis of the core ILO labour standards, (v) sustainable connectivity;
- iv. Promote human rights, gender equality and the empowerment of women and young people, as well as addressing specific socio-economic root causes of irregular migration and root causes of forced displacement; and
- v. Attribute special attention to countries identified as experiencing fragility or conflict, Least Developed Countries and heavily indebted poor countries, including by providing support for institutional capacity building, economic governance and technical assistance.

Through budgetary guarantees, the EU guarantees the FIs against the possible default of eligible entities receiving a wide range of financial instruments including loans, guarantees, counter-guarantees, capital market instruments, and any other form of funding or credit enhancement, insurance, equity, or quasi-equity participations with the aim of achieving development impact. The main objective is thus to de-risk bankable projects with a developmental impact that would otherwise not be financed due to the high level of real or perceived risk, or would require an excessively high remuneration by the borrower/recipient. In addition, the aim is to mobilise private sector financing in line with public priorities, at the time when public resources for socio-economic development are scarce. Additional private sector financing made available through the EU guarantees is expected to support investments contributing to the Global Gateway strategy.

#### **“Open architecture” budgetary guarantees and Technical Assistance (TA)**

“Open architecture” guarantees are allocated based on competitive Call for Proposed Investment Programmes (PIPs), open to pillar assessed financial institutions Development Financial Institutions (DFIs) and other pillar assessed institutions.<sup>4</sup> Until mid-term review in 2024, approximately EUR 4 billion is allocated for the 1<sup>st</sup> Call for PIPs in INTPA partner countries. However, given the oversubscription of PIP applications, frontloading of guarantees and surpassing initial allocation might be possible. Within this framework, DFI will submit PIPs composed of budgetary guarantee and, as necessary, the TA component. The selection of PIPs will take into account the nature of the guarantee product, envisaged geographical coverage, adherence to EU and partner countries strategic priorities and envisaged development impact.

Call for PIPs is implemented through six “open access” Investment Windows<sup>5</sup> that reflect main EU and partner countries’ policy priorities:

##### **1) *Micro, Small and Medium Enterprises (MSMEs)***

The window aims to increase access to affordable finance for MSMEs and promote their integration into European value chains - taking account of circular economy goals and aiming to stimulate sustainable job creation, decent work and inclusive growth.

##### **2) *Connectivity: Energy, Transport and Digital***

<sup>4</sup> Through the text the term “DFI” is used in a general manner to describe the institutions that are pillar assessed and that prepare and implement EFSD+ PIPs. As such, the term encompasses other institutions that are not necessarily classified as public DFIs, such as private entities in development financing field that are pillar assessed and that might be implementing PIPs.

<sup>5</sup> COMMISSION DECISION establishing the Investment Windows for the European Fund for Sustainable Development Plus (C(2022) 3529)

This window will facilitate green transition plans in partner countries through de-risking private and public investments, supporting renewable energy, energy efficiency as well as energy transmission, distribution and storage systems. In the area of transport, it will enhance reliable core network in roads, railways, waterways and other sustainable solutions, as well as rollout of lower and zero-emission fuel infrastructure and greener connectivity. In addition, it will support digital connectivity, economy and inclusion.

3) Natural Capital: Sustainable Agriculture, Biodiversity, Forests and Water

This window will target agriculture, forestry, water, oceans, land use and fisheries sectors to promote conservation, restoration and sustainable inclusive management of natural resources in order to strengthen climate and biodiversity actions,

4) Sustainable Cities (including water, sanitation and hygiene “WASH”)

This window will facilitate sustainable and green urban development as a way of contributing to economic and social development with environmental benefits, countering inequalities and promoting inclusivity.

5) Human Development

This window will address vaccine supply, particularly in LDCs, and address inequalities also from a gender- and non-discrimination perspective in access to affordable and high-quality health care, education, early childhood and elderly development, and social housing.

6) Sustainable Finance and Impact Investing.

This is a cross-cutting horizontal window that will support the objectives of the other five windows through sustainability-driven financial instruments, including Global Gateway projects.

As evidenced in the implementation of EFSD, TA is a crucial component of EFSD+ that reinforces deployment of the budgetary guarantees. In general, TA is used for development of pipeline of bankable projects, capacity building of DFIs, Local Financial Intermediaries (LFIs) and final beneficiaries and for support during the implementation of projects. It plays a critical role in supporting the development impact of the guarantees because a viable project pipeline and sufficient local capacities are a prerequisite for a meaningful implementation of guarantees. TA projects are implemented in an indirect management mode, through Contribution Agreements negotiated with DFIs that also implement related guarantees. So far financial institutions have been heavily reliant on the TA, their demand for TA often surpassing allocated funds and, in some cases, guarantees being delayed due to TA funds not being readily available.

Ensuring “policy first” principle, EFSD+ budgetary guarantees and related TA will strongly underpin key EU strategic initiatives: Green Deal, Global Gateway and Jobs and Sustainable Inclusive Growth. In addition, they will reinforce the main priorities identified in the policy dialogue with partner countries and reflected in key strategic regional and country documents as well as flagship investments (such as Team Europe Initiatives (TEIs)). TA may also play a role in improving regulatory frameworks and creating an enabling environment for the private sector. Furthermore, proposed Action is in line with MIPs for SSA, AC and AP, all of which identify EFSD+ budgetary guarantees and TA as a modality to achieve country/regional priorities and enhanced developmental impact.

## 2.2 Problem Analysis

### Problem analysis

The TA will help to address specific regional/country, sector and cross cutting issues as defined in related Regional MIPs for SSA, AP and AC and in EFSD+ Investment Windows<sup>6</sup>. In general, the proposed Action will tackle the following issues identified in relation to the implementation of budgetary guarantees:

1) Lack of bankable projects that can attract private financing

In many countries, the lack of a bankable, investment-ready pipeline of infrastructure projects is one of the major bottlenecks in attracting private capital to infrastructure. The capacity to prepare infrastructure and non-infrastructure projects is especially weak in LDCs and fragile countries. Project preparation involves

<sup>6</sup> In order to avoid extensive repetition of regional and sector specific problem analysis already identified in Regional MIPs for SSA, AP and AC, as well as in EFSD+ Investment Windows, the problem analysis here pertains to immediate issues associated with deployment of EFSD+ guarantees that the EFSD+ TA will address.



conceptualisation, prioritisation, feasibility and socio-economic impact assessments, and financial and contractual structuring and environmental, climate-risk and socio-economic impact assessments, as well as financial and contractual structuring. Further capacity barriers may relate to the integration of infrastructure planning within broader development plans, such as the interaction with agricultural markets, reduction of greenhouse gas emissions, climate-proofing or promotion of nature-based approaches. Strengthening these capabilities will further solidify infrastructure as an asset class and help avoid inefficiencies during project execution. Over the past two decades, project preparation costs have increased substantially driven by the increasing complexity of infrastructure projects and by further requirements for implementing sustainable, resilient, and inclusive infrastructure projects. The burden is even higher considering that these costs are not usually included within the estimated investment amount and need additional funding. Despite these challenges, project preparation of pipeline of infrastructure and non-infrastructure projects should be regarded as an investment to avoid future inefficiencies and better achieve the intended goals of development projects.

2) *Insufficient capacities of DFIs and LFIs to structure and roll-out financial operations and investments*

Due to novelty and the complexity of EFSD/EFSD+ guarantees as financial products and often frontier markets they are deployed to, the capacity of DFIs and LFIs to conceive and implement investments should be further strengthened. While most DFIs have a provisional idea of the investments pipeline at the time of PIP preparation, the scoping of LFIs and final beneficiaries, and concrete materialisation of investments require additional TA supported efforts. If investments are not originated and implemented within the prescribed investment period, that could negatively affect EFSD+ as a whole, as it would result in the lower EFSD+ guarantee cover and decreased expected leverage of the Programme as a whole. On the side of LFIs, they often have to further strengthen and develop their own internal policies, procedures and systems in order to be eligible intermediaries in the context of EFSD+ guarantee and to successfully implement the investments. In addition, they also need assistance in developing products and services (financial and non-financial) and attracting target beneficiaries that will ultimately benefit from the EFSD+ guarantee cover. Finally, given the strong steer of NDICI GE – Regulation towards gender mainstreaming, as well as expected contributions to climate and biodiversity spending targets, it is foreseen that incorporating those aspect into guarantee investments will also require additional TA efforts for both DFIs and LFIs.

3) *Lack of capacities of final beneficiaries to implement the investments*

In order to ensure success in implementing guarantees and achieve the intended development impact, it is crucial to reinforce capacities of final beneficiaries which are targeted with the EFSD+ guarantee support. Often in developing markets, final beneficiaries having insufficient financial literacy need TA assistance to develop internal policies, procedures and systems (including Environmental, Social and Governance (ESG) safeguards) to become eligible investees under the guarantee and to implement investments subject to EFSD+ guarantee cover. This is especially valid for people living in vulnerability situation such as women, people with disabilities, youth, migrant MSMEs, agri MSMEs, and in particular for those placed in LDCs and fragile countries where TA assistance will enable them to better manage and mitigate certain risks.

4) *Need to reinforce implementation of EFSD+ guarantee agreements and individual investments for DFIs and LFIs*

In order to ensure sound financial management of EFSD+ guarantee agreements, DFIs have to comply with a number of Commission requirements when implementing those agreements. These requirements concern, *inter alia*, verification of eligibility of investments/ financial intermediaries/investees, frequency and the content of reporting and monitoring, evaluation and audit of the guarantee agreement and individual investments. As such, they place considerable administrative burden on the institutions. Very often their internal policies, procedures and systems require further strengthening in order to fully comply with administrative provisions of the guarantee agreements, that are constantly being updated and evolving to be in line with EU regulatory framework. In many cases, LFIs also require bolstering of their internal policies, procedures and systems, in order to be able to ensure proper monitoring, evaluating and reporting on the level of individual investments.

5) *Need to ensure compliance of EFSD+ guarantee agreements vis-à-vis various commercial and legal EU requirements*

Taking into account the multiple increase in EFSD+ guarantee allocation, as well as the variety and the complexity of PIPs, it is indispensable to further underpin DG INTPA capacities with specific banking, commercial and legal expertise. The TA will be directed to DG INTPA E4 Unit “External Action Guarantees” for the purpose of negotiating and contracting guarantee agreements.

**Stakeholders**

Depending on the type and the policy sector of the budgetary guarantee as noted in the relevant Investment Windows, the non-exhaustive list of Action stakeholders could be:

- 1) DFIs, regional and local financial institutions (private banks, microfinancing institutions, financial service providers, insurance companies, investment funds, other counterparts involved in the implementation of the investments, etc.)
- 2) Final beneficiaries:
  - MSMEs, startups, social entrepreneurs, investment funds, financial market intermediaries,
  - owners/users of the respective infrastructure and the relevant sovereign or sub-sovereign entities, e.g. Independent Power Producers (IPPs), ESCOs and other commercially operating utilities, highway concessionaires, railway companies, port terminal and airport operators, urban transport companies (buses, tramways, taxis, etc.), start-ups promoting alternative-fuels-based mobility, private sector promoting sustainable practices, owners & operators of digital and transport infrastructure,
  - farmers, fisher folk, water operators, ecotourism operators, forest managers and agri-entrepreneurs (in particular smallholders, cooperatives and MSMEs- women, youth)
  - Public institutions including, local authorities, municipalities and public utilities companies,
  - sovereign, sub-sovereign and state-owned companies, private financial and non-financial corporates, etc.

Finally, due to Activity 5, INTPA HQ is also the final beneficiary of this Action.

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to foster sustainable and inclusive economic, environmental and social development, and poverty reduction in partner countries through investments in the following sectors: MSMEs; Connectivity (energy, transport and digital); Natural Capital (agriculture, biodiversity, forests and water); Sustainable Cities (including sanitation and water sector); Human Development and Sustainable Finance.

The Specific Objective (Outcome) of this action is to facilitate deployment of EFSD+ budgetary guarantees that are used to de-risk bankable projects with a developmental impact and crowd-in private sector financing. The Outputs to be delivered by this action contributing to the corresponding Specific Objective (Outcome) are:

- 1.1 Pipeline of bankable infrastructure and non -infrastructure projects developed
- 1.2 Capacities of DFIs, LFIs to structure and roll-out financial operations and investments strengthened
- 1.3 Capacities of final beneficiaries to implement investments increased
- 1.4 Implementation of EFSD+ guarantee agreements and individual investments reinforced for DFIs, LFIs and final beneficiaries
- 1.5 Ensured compliance of EFSD+ guarantee agreements vis-à-vis various commercial and legal EU requirements

#### 3.2 Indicative Activities

The purpose of the TA is to ensure efficient deployment of related EFSD+ budgetary guarantees. Therefore, besides the regular TA activities as specified in the Contribution Agreement (Art. 18 of General Conditions), specific TA activities will depend on the nature and the type of the supported budgetary guarantee, needs and capacities of DFIs, LFIs and final beneficiaries in partner countries, etc. Based on the experience of EFSD and on

the problem analysis above, the non-exhaustive list of TA activities could be as follows:

Activities relating to Output 1. Pipeline of bankable infrastructure projects developed

- 1.1. Developing studies related to identification and selection of bankable infrastructure and non-infrastructure projects (for e.g. market studies and country mapping, pre-feasibility and feasibility studies, environmental, climate, health and social impact studies including from the gender and human rights perspectives (as appropriate); various technical, legal, financial and economic assessments and studies required to make individual projects viable, etc.);
- 1.2. Supporting the appropriate transparent, competitive and quality procurement process of selected projects (for e.g. in infrastructure projects- creation and launching of structures tenders, supporting during bid evaluation and selection, contractual arrangements) and assisting projects to reach financial close and attract financing.

Activities relating to Output 2. Capacities of DFIs, LFI to structure and roll-out financial operations and investments strengthened

- 2.1. Upgrading DFI's policies, procedures and systems to support origination of eligible investments (for e.g. market studies and country mapping, financial, commercial, technical, legal, risk related and other types of assessments of LFIs and potential investment portfolios, mainstreaming of cross-cutting issues such as human rights, gender equality, climate adaptation, climate mitigation and environmental protection into financial products, etc.);
- 2.2. Supporting preparation of legal and commercial agreements between DFIs, LFIs, and with final beneficiaries, necessary to implement EFSD+ supported investments;
- 2.3. Developing and upgrading LFI's policies, procedures and systems to deploy and promote EFSD+ supported financial products, and to reach and serve final beneficiaries (for e.g. market analysis, client segmentation, product adjustment/development, underwriting methodologies, marketing, risk management, mainstreaming of cross-cutting issues including gender, climate into financial products, enhancement of ESG standards, Anti-Money Laundering (AML) standards, knowledge-sharing and awareness raising , etc.);
- 2.4. Knowledge-sharing and awareness raising on the specific EFSD+ guarantee facility and industry outreach, to generate sufficient interest for EFSD+ supported investments.

Activities related to Output 3. Capacities of final beneficiaries to implement investments increased

- 3.1. Developing and upgrading final beneficiaries' policies and regulatory frameworks, procedures and systems to implement EFSD+ supported investments (for e.g. financial and other assessments and internal restructuring; sustainable product development; financial literacy, entrepreneurship skills and digital literacy, understanding regulatory framework, project structuring; advice to start and scale up businesses; enhancement of ESG standards, sustainability and impact; mainstreaming of cross-cutting issues such as human rights, gender equality, climate adaptation, climate mitigation and environmental protection into business development; enhancing their financial sustainability, innovation potential and access to markets, etc.);
- 3.2. Developing entrepreneurial ecosystems and finance landscape (for e.g. business incubators, mentoring and networking, etc.).

Activities related to Output 4. Implementation of EFSD+ guarantee agreements and individual investments reinforced for DFIs, LFIs and final beneficiaries

- 4.1 Upgrading of DFI's policies, procedures and internal systems to enable reporting, monitoring (indicators, impact, risk, etc.) and evaluation of EFSD+ supported investments, as required by EFSD+ guarantee agreement provisions;
- 4.2 Developing and upgrading LFIs' and final beneficiaries' policies, procedures and systems to support reporting, monitoring and evaluation (indicators, impact, etc.) of EFSD+ supported investments, as required by EFSD+ guarantee agreement provisions;
- 4.3 Implementing annual audit of EFSD+ guarantee agreement, as required by the guarantee agreement provisions.

Activities related to Output 5. Ensured compliance of EFSD+ guarantee agreements vis-a-vis various commercial and legal EU requirements

- 5.1 Support to the European Commission in the drafting and negotiations of Guarantee Agreements.

This non-exhaustive list of TA activities will be implemented during and after the guarantee investment period (usually 3 years since the effectiveness of the guarantee agreement). While in duly justified cases the TA could be

used, in a limited proportion vis-à-vis other TA costs in a specific PIP, for administrative costs associated with setting up and running of a specific guarantee facility, the main aim of the TA is to directly benefit the partner country and local stakeholders.

The commitment of the EU's contribution to the Team Europe Initiatives foreseen under this action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners' meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

### 3.3 Mainstreaming

#### **Environmental Protection & Climate Change**

As specified in the EFSD+ Investment Windows, the majority of investments are expected to address, either directly or indirectly, environmental protection and climate change action. Currently, it is not possible to indicate if it is necessary to carry out Strategic Environmental Assessment (SEA), an Environmental Impact Assessment (EIA), a Climate Risk Assessment (CRA) since that will depend on the type of guarantee/PIP to be selected. These will be carried out where required on an individual basis.

#### **Gender equality and empowerment of women and girls**

Well-designed macroeconomic, structural, and financial policies can support efficient and inclusive outcomes and equitably benefit women, girls, and society in general.

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that, technical assistance available under this action will ensure that gender equality is mainstreamed to the extent possible in all programme components, as specified in the EFSD+ Investment Windows.

Technical assistance might also support the identification of specific investments directly addressing gender equality, for example by enabling financing to underserved and marginalised women entrepreneurs or by addressing specific gender gaps in the specific sector. In any case, the action will be strongly guided by the principles of gender equality, non-discrimination, and participation of women. Therefore, the Action will contribute to directly or indirectly addressing gender equality.

#### **Human Rights**

As noted in the EFSD+ Investment Windows, all EFSD+ supported investments must be based on the respect for human rights. However, they do not address human rights as an objective.

#### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that EFSD+ investments do not address disability as an objective.

#### **Democracy**

The EFSD+ investments do not directly address democracy as an objective.

#### **Conflict sensitivity, peace and resilience**

By supporting investments and increased access to financing, especially in LDCs and fragile context, EFSD+ is supporting socio-economic resilience. Therefore, the Action will indirectly contribute to resilience objective.

#### **Disaster Risk Reduction**

As specified in the EFSD+ Investment Windows on Connectivity, MSMEs and Sustainable cities, the EFSD+ investments could address disaster risk reduction measures (e.g. flood control mechanisms in urban areas). Therefore, the Action could potentially address this goal, depending on the type of the PIP. It can also be wholly relevant for other investment windows such as on Natural Capital (sustainable agriculture, biodiversity, forests and water) as well as Human Development.

### 3.4 Risks and Lessons Learnt

Category	Risks	Likelihood	Impact	Mitigating measures
1. External environment	TA contracted but has to be terminated and de-committed due to DFI permanently stopping negotiations on the EFSD+ guarantee or DFI being unable to implement signed EFSD+ guarantee agreement	<b>Low (L)</b>	<b>Medium (M)</b>	Systematic screening and assessment of PIP proposals to understand their feasibility.  Close monitoring of EFSD+ guarantee agreement negotiations to ensure its implementability.
1. External environment	Delays in implementation of signed EFSD+ guarantee agreement by DFI, causing delays in implementation of the TA (activities and expenditure)	<b>M</b>	<b>M</b>	Comprehensive monitoring of EFSD+ guarantee and TA implementation through annual progress reports, bi-annual Project Portfolio Review meetings, ad hoc meetings, etc.
1. External environment	Investments excluded from the EFSD+ guarantee cover during the implementation, resulting in termination of TA activities for the specific investee/beneficiary	<b>M</b>	<b>L</b>	Comprehensive monitoring of TA implementation through annual progress reports, bi-annual Project Portfolio Review meetings, ad hoc meetings, etc. to ensure that TA is directed to eligible TA beneficiaries
2. Planning, processes and systems	Delayed contracting of TA due to delay in negotiations of EFSD+ guarantee agreement.	<b>M</b>	<b>M</b>	Careful planning and monitoring of contracting timeline for both TA and guarantee components, to ensure synchronicity and alignment.
2. Planning, processes and systems	Majority of the TA used to cover administrative costs of DFI, rather than benefitting the beneficiary country/region and local stakeholders	<b>L</b>	<b>High (H)</b>	In-depth assessment of proposed TA costs eligibility during the PIP selection and, if PIP selected, during contract negotiations. This is to ensure that costs are indispensable for the deployment of the EFSD+ guarantee and for assisting the beneficiary country/region and local stakeholders.  Internal meetings and coordination amongst Commission services both at technical and managerial level to ensure a consistent approach against DFIs requests for TA covering in a large extent their

				administrative costs.
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### **Lessons Learnt**

Despite the novelty of EFSD as a Programme, there are a number of lessons learnt that can be drawn to this day, based on the implementation of ongoing EFSD guarantee agreements and TA contracts:

- 1) So far, DFIs, local financial intermediaries and local stakeholders have been heavily reliant on the TA, with a demand for TA often surpassing allocated funds. However, individual TA allocations will vary depending on the type and the content of the (PIP), and on its geo-scope (e.g. MSME PIP in LDCs or fragile countries will most likely be more TA intensive).
- 2) In PIPs composed of a budgetary guarantee and a TA component, it is usual that the two components are closely linked in terms of:
  - a. timing of implementation: TA contract cannot commence with the implementation before the related guarantee agreement is signed;
  - b. content: TA activities reflect the content, scope and the type of the guarantee;
  - c. and geographical scope: TA geographical scope corresponds to the one of the guarantee.

Therefore, there is a need for a close coordination between the two components in respect of contracting and implementation timeline, content and geographical scope; in order to ensure their alignment as well as efficiency and effectiveness of the PIP.

- 3) Exact geo-scope of the TA implementation beyond the regional framework (SSA, AC, and AP) depends on the project pipeline that will materialise during the implementation of the guarantee agreement. Thus, at the moment of the TA contract signature it is not possible to know to which countries and sub-regions exactly the TA will be deployed. Therefore, some flexibility should be envisaged regarding the expenditure on subregional level, in order to allow for the TA funds to flow appropriately and allow deployment of budgetary guarantees in accordance with the guarantee project pipeline.

### **3.5 The Intervention Logic**

The underlying intervention logic for this action is that if DFIs, LFIs and final beneficiaries of EFSD+ guarantees are supported to develop investments and projects and build their capacities, that will facilitate deployment of EFSD+ programme (budgetary guarantees) in the areas of MSMEs; Connectivity (energy, transport, digital), Natural Capital (agriculture, biodiversity, forests and water); sustainable cities including sanitation and water sector; human development and sustainable finance. Consequently, that will contribute to fostering of sustainable and inclusive economic, environmental and social development, and poverty reduction in partner countries, in accordance with NDICI- GE Regulation, Green Deal, Global Gateway and Jobs and Sustainable Inclusive Growth, MIPs for SSA, AC and AP as well as TEIs. The Action is particularly important for operationalisation of guarantees in LDCs and fragile countries, to ensure more balanced distribution of EFSD+ investments.

### 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.

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

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain (@):	Indicators (@):	Baselines	Targets	Sources of data	Assumptions
<b>Impact</b>	To foster sustainable and inclusive economic, environmental and social development, and poverty reduction in partner countries, through investments in the following sectors: MSMEs; Connectivity (energy, transport and digital); Natural Capital (agriculture, biodiversity, forests, water); sustainable cities including sanitation and water sector; human development and sustainable finance.	1 Proportion of population with access to electricity (SGD and GERF indicator) 2 Renewable energy share in the total final energy consumption (SDG and GERF indicator) 3 Estimated number of people with improved access to services (disaggregated by sex, age, country) 4 Number of beneficiaries living below the poverty line (disaggregated by sex, age, country).	Depends on the actual country/region in which the guarantee is deployed	Depends on the actual country/region in which the guarantee is deployed		N/A
<b>Outcome 1</b>	1 Facilitated deployment of EFSD+ budgetary guarantees	1.1 Number of EFSD+ guarantees selected for financing; 1.2 Volume (EUR) of EFSD+ guarantees selected for financing; 1.3 Number of individual investments guaranteed by EFSD+. 1.4 Volume (EUR) of individual investments guaranteed by EFSD+.	0	Depends on the INTPA PIP selection process (currently ongoing)	EFSD+ Annual Report; Guarantee and TA progress reports from DFIs	

<b>Output 1: relating to Outcome 1</b>	1.1 Pipeline of bankable infrastructure and non-infrastructure projects developed	1.1.1 Number of energy infrastructures supported which are based on a gender analysis of risks, need, demand, barriers and supply  1.1.2 Number of improved and resilient to climate change energy infrastructure  1.1.3 Number of improved transport and logistics infrastructure/ facilities  1.1.4 Number of non-infrastructure projects developed	To be defined on TA project basis	To be defined on TA project basis	Guarantee and TA progress reports from DFIs	
<b>Output 2 relating to Outcome 1</b>	1.2 Strengthened capacities of sector institutions and public/private operators to enable / undertake / manage investments or projects	1.2.1 Number of individual investments rolled out by DFIs and LFIs  1.2.2. Amount (EUR) of individual investments rolled out by DFIs and LFIs	To be defined on TA project basis	To be defined on TA project basis	Guarantee and TA progress reports from DFIs	
<b>Output 3: relating to Outcome 1</b>	1.3 Capacities of final beneficiaries to implement investments increased	1.3.1 Number of individual investments implemented by final beneficiaries  1.3.2 Amount (EUR) of individual investments implemented by final beneficiaries	To be defined on TA project basis	To be defined on TA project basis	Guarantee and TA progress reports from DFIs	
<b>Output 4 relating to Outcome 1</b>	1.4 Implementation of EFSD+ guarantee agreements and individual investments reinforced for DFIs, LFIs and final beneficiaries	1.4.1 Number of reports prepared by DFIs according to the guarantee agreements 1.4.2 Number of comprehensive data (financial data, etc.) ) presented in reports as required by guarantee agreements 1.4.3 Number of data presented in guarantee reports according to EFSD+ Results Measurement Framework (ReMF)	To be defined on TA project basis	To be defined on TA project basis	Guarantee and TA progress reports from DFIs	
<b>Output 5: relating to Outcome 1</b>	1.5 Ensured compliance of EFSD+ guarantee agreements vis-à-vis various commercial and legal EU requirements	1.5.1 Number of guarantee agreements and subsequent amendments negotiated and signed	TBD	TBD	1.5.1 TA progress reports from contractors, EFSD+ guarantee agreements and amendments signed;	

*Note: Specific EFSD+ ReMF indicators will be captured at the level of the individual Contribution Agreements as appropriate, including disaggregation per age, sex, sector, country and reflecting cross-cutting issues such as gender mainstreaming and climate change mitigation and adaptation.*



## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

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

### 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 102 months from the date of the adoption by the Commission of this Financing Decision.

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

### 4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>7</sup>.

#### 4.3.1 Direct Management (Procurement)

To achieve the results described under output 5.1 of Section 3.2 the launch of a call for tenders is necessary. This call was launched in June 2022, prior to the adoption of this Decision. This is justified because the capacity building of Unit INTPA E.4 – External Action Guarantees cannot happen during the negotiation, preparation and implementation of EFSD+ guarantee agreements, but has to start before this process.

#### 4.3.2 Indirect Management with a pillar assessed entities

Activities described in section 3.2 of this Action –except those included under output 5 –will be implemented in indirect management with entities, which will be selected by the Commission's services using the criteria as defined by article 154(1) of the Financial Regulation and with relevant expertise and experience in technical assistance activities as mentioned in section 3.2. This action shall be implemented under indirect management with entities called Lead Financial Institutions and their partners. These entities are entrusted with tasks, which consist in the implementation of procurement, grants and payments. The appropriate entrusted entities shall also monitor, evaluate and report on the activities implemented. The initiatives proposed by the entity/ies are part of the EFSD+ Proposed Investment Programmes (PIPs) and constitutes their technical assistance component. The initiatives will be selected by the Commission's services together with the attribution of the corresponding budgetary guarantees. Appendix I to this action document provides an indicative list of partners for the contribution agreements.

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

In case the preferred implementation modality identified in section 4.3.2 (indirect management) cannot be implemented due to circumstances outside the Commission control, the action maybe implemented through direct management (with the use of Commission procedures) with entities that will be selected following the same criteria listed in section 4.3.2.

### 4.4 Indicative Budget

Indicative Budget components	EU contribution Year 2022	EU contribution Year 2023
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<sup>7</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu). Note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy, the OJ prevails.

	(amount in EUR)	(amount in EUR)
<b>Implementation modalities</b> – cf. section 4.3		
Outcome – Facilitated deployment of EFSD+ budgetary guarantees	108,000,000.00	200,000,000.00
Indirect Management with pillar assessed entities - cf. section 4.3.2	102,000,000.00	200,000,000.00
Procurement (direct management) – cf. section 4.3.1	6,000,000.00	N.A.
<b>Procurement</b> – total envelope under section 4.3.1	6,000,000.00	N.A.
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	may be covered by another Decision	may be covered by another Decision
<b>Contingencies</b>	0	0
<b>Totals</b>	108,000,000.00	200,000,000.00

## 4.5 Organisational Set-up and Responsibilities

Contribution agreements signed with entities described in section 4.3.2 will be monitored through the usual contract management procedures prescribed in the Contribution Agreement. DG INTPA Unit E4 “External Action Guarantees” will be in charge of contracting, negotiating and monitoring the contract implementation. DFIs are required to present TA activities’ progress during bi-annual EFSD+ Portfolio and Pipeline Review meetings, ensuring that the implementation of TA contracts is closely coordinated with and steered by relevant European Union Delegations (EUDs), as well as the Commission’s DG INTPA geographic and thematic units.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in different governance structures that could eventually be set up for governing the implementation of certain TA programmes financed via this Action.

## 4.6 Pre-conditions

Pre-condition specific to this action is that the Commission will have completed the assessment and selection of the EFSD+ Proposed Investment Programmes (PIPs).

# 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 entities’ responsibilities. To this aim, the implementing entities 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 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:

Entities that will implement this Action will monitor and report on the relevant indicators included in the

logical framework matrix of Section 3.6. Each entity shall report only on Section 3.6 indicators that are applicable to the technical assistance programme it will run. Reporting on results and corresponding indicators shall allow identifying progresses and results achieved in the regions from which financing resources allocated by this Action come.

## 5.2 Evaluation

Having regard to the nature of the action, a final evaluation may be carried out for this action or its components via independent consultants contracted by the Commission and eventually through a joint mission.

It may be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the purpose of the TA programmes financed via this Action is to increase the impact achieved by the related EFSD+ guarantee component of the PIPs implemented. To this end, the final evaluation should play special attention to the capacity of implementing partners to deliver (directly or indirectly) the TA activities described in Section 3.2 notably under output 2 and 4.

The Commission shall inform the implementing partners at least 3 months in advance of the dates envisaged for the evaluation missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

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

The financing of the evaluation may be covered by another measure constituting a Financing Decision.

## 5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements. The financing of the audit and verification assignments may be covered by another measure constituting a Financing Decision.

# 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 I – INDICATIVE PARTNERS FOR THE CONTRIBUTION AGREEMENT

Acronym	Institution
AFD	Agence Française de Développement, France
AfDB	The African Development Bank
BGK	Bank Gospodarstwa Krajowego, Poland
CDB	Caribbean Development Bank
CDP	Cassa depositi e prestiti S.p.A., Italy
COFIDES	Compañía Española de Financiación del Desarrollo, Spain
DEG	Deutsche Investitions- und Entwicklungsgesellschaft mbH, Germany
EBRD	European Bank for reconstruction and development
EIB	European Investment Bank
EIF	European Investment Fund
FAO	Food and Agriculture Organization
FINNFUND	Finnish Fund for Industrial Cooperation Ltd
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden
IFAD	International Fund for Agricultural Development
IFU	Investment Fund for Developing Countries
KfW	Kreditanstalt für Wiederaufbau, Germany
PROPARCO	Groupe Agence Française de Développement, France
UNCDF	UN Capital Development Fund
WBG World Bank Group	(IBRD, IDA, IFC, MIGA, ICSID)