

Ministry of Foreign Affairs – (Department for Sustainable Growth and Employment, BVB)

Meeting in the Council for Development Policy 11 September 2019

Agenda item 5

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| 1. Overall purpose | For discussion and recommendation to the Minister |
| 2. Title: | External Investment Plan/European Fund for Sustainable Development |
| 3. Presentation for Programme Committee: | 18 December 2018 |

External Investment Plan/European Fund for Sustainable Development

Key results:

- More investments in Africa to foster sustainable economic growth and promote decent jobs.
- Contribution to the efforts of the European Commission, involved financial institutions, and key actors in African countries to the achievement of the objective of the External Investment Plan/European Fund for Sustainable Development (EIP/EFSD).
- Increased access to financing for development and the SDGs by making the Danish funds catalyse private investments in Africa in line with the ambition of the EIP.
- Synergies created between the EIP/EFSD and Danish expertise, including IFU accreditation to the EU, and a proposed investment programme submitted by IFU to the EFSD.

Justification for support:

- The EIP/EFSD is in line with Danish and international development objectives of promoting the SDGs, in particular SDG 8 on sustainable growth and decent jobs.
- Through the EIP/EFSD, Denmark will use ODA to mobilize private capital, knowhow and technology to foster economic growth and jobs in Africa.
- The EIP/EFSD has initially proved to be an effective and efficient financial instrument, which has attracted backing from development finance institutions with interest and capacity to invest in Africa.
- The EIP/EFSD is expected to have a significant impact on employment generation, reduction of greenhouse gas emission, food production, infrastructure availability, and tax contribution.
- The EIP/EFSD offers opportunities for synergies with Danish expertise.

Risks and challenges:

- Investments in developing countries are associated with risks, not least in LDCs and fragile states.
- With its integrated three-pillar approach, the EIP/EFSD has established robust risk management procedures to minimise overall risks.

File No.	2019-31626				
Countries	African countries				
Responsible unit	BVB				
Sector	Sustainable energy, industry, agriculture, infrastructure.				
Partner	EU-kommissionen				
<i>DKK mill.</i>	2019	2020	2021	2022	Tot.
Commitment	75				75
Projected disbursement	71.5	1.17	1.17	1.17	75
Duration	Investment period 5 years. Exit period 20 years.				
Finance Act code	§06.32.01.23				
Desk officer	Frode Neergaard				
Reviewed by CFO	Marie Gro Svenstrup				

Relevant SDGs - highlighted with black frames

 No Poverty	 No Hunger	 Good Health, Wellbeing	 Quality Education	 Gender Equality	 Clean Water, Sanitation
 Affordable Clean Energy	 Decent Jobs, Econ. Growth	 Industry, Innovation, Infrastructure	 Reduced Inequalities	 Sustainable Cities, Communities	 Responsible Consumption & Production
 Climate Action	 Life below Water	 Life on Land	 Peace & Justice, strong Inst.	 Partnerships for Goals	

Strategic objectives:

The Strategic objective is to help achieve the purpose of the EIP/EFSD by leveraging investments and increase access to financing for development, with a special focus on job creation in Africa. The purpose of the EIP is to foster sustainable and inclusive economic and social development, and contribute to the Sustainable Development Goals, including by addressing the challenge of climate change and the socioeconomic root causes of migration.

Justification for choice of partner:

The European Commission is overall responsible for managing the EIP and its European Fund for Sustainable Development. In ensuring its management responsibility, the Commission works closely with the European Investment Bank. It is supported by a Technical Assessment Group on Guarantees and draws also on EU Delegations, the presence of EU Member States, and other stakeholders in partner countries. The European Commission is a reliable partner, with which Denmark, as an EU Member State, cooperates in numerous ways. The Commission has strong focus on effective modalities, and technical capacity to deliver development results. Denmark's engagement in this initiative will contribute to the success of the EFSD and ultimately to EU as a foreign policy player.

Summary:

The Danish contribution will help strengthen the EIP/EFSD to achieve its objective of mobilizing finance for development in Africa. The EIP, along with the Danish contribution, gives special emphasis to SDG 8 and the aim to promote sustained economic growth and decent jobs. The Danish contribution is earmarked for African countries, where job creation is a key challenge. The EIP will mobilize private investment in areas such as sustainable energy and connectivity; sustainable agriculture and rural entrepreneurs; sustainable cities; digitalization for sustainable development; and micro-, small and medium-sized enterprises. Based on grants and guarantees totaling 4.5 billion EUR, the EIP and its EFSD aims to leverage 44 billion EUR for sustainable investments in partner countries. The EFSD will interact with two other EIP pillars on technical assistance and enhancement of a favourable investment climate. Secondment of a national expert to the EIP Secretariat in a period of up to three years is part of the contribution. Related to the contribution, synergies with Danish expertise will be pursued, incl. with IFU being accredited to the EU through a pillar assessment. This will make IFU eligible as an implementing partner of the EFSD.

Budget:

Investment guarantees, earmarked for Africa	70 DKK mill.
Seconded national expert to the EIP Secretariat	3.5 DKK mill.
General support to the Secretariat of the External Investment Plan	1.5 DKK mill.
Total	75 DKK mill.

Project Document
External Investment Plan
European Fund for Sustainable Development

August 2019

Cover Page

Countries:	Africa, through earmarking of the Danish contribution
Project Title:	Contribution to EU's External Investment Plan and its European Fund for Sustainable Development
Start-End Dates:	2019 – 2024
Budget:	DKK 75 million of which: <ol style="list-style-type: none">1. DKK 70 million will be a cash contribution into the EU External Investment Plan guarantee fund of the European Fund for Sustainable Development (EFSD).2. DKK 3.5 million for a seconded national expert for the Secretariat of the External Investment Plan under the European Commission's Directorate-General for International Cooperation and Development.3. DKK 1.5 million as general support to the EIP Secretariat in the form of an administrative fee.

The Danish contribution to the EFSD guarantee fund will help strengthen investments in Africa, while the seconded national expert and general support will help roll out the three pillars of the External Investment Plan:

1. mobilizing finance - through the European Fund for Sustainable Development,
2. providing technical assistance to help prepare investment projects,
3. developing a favourable investment climate and business environment.

The EU External Investment Plan mobilizes private investment in areas such as sustainable energy and connectivity; sustainable agriculture and rural entrepreneurs; sustainable cities; digitalization for sustainable development; and micro-, small and medium-sized enterprises financing. Based on grants and guarantees to the tune of EUR 4.5 billion, the External Investment Plan, with the European Fund for Sustainable Development as its financial pillar, aims to leverage EUR 44 billion for sustainable investments in Africa and countries in the European Neighbourhood by 2020.

Key SDG:

SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Other significant SDGs:

SDG 7 Ensure access to affordable, reliable, sustainable and modern energy for all
SDG 9 Build resilient infrastructure, promote sustainable industrialisation and foster innovation
SDG 13 Take urgent action to combat climate change and its impacts
SDG 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Table of Content

<i>Abbreviations</i>	<i>iv</i>
1 Introduction	1
2 Context of the External Investment Plan	2
2.1 <i>Background</i>	2
2.2 <i>State of play</i>	3
3 Project presentation	3
3.1 <i>Programme objective and results</i>	3
3.2 <i>Theory of change</i>	5
3.3 <i>Alignment with the Danish development strategy</i>	6
3.4 <i>Adherence to the development effectiveness agenda</i>	7
3.5 <i>Justification</i>	7
3.6 <i>Strategic considerations</i>	9
4 Budget	10
5 Institutional and management arrangements	11
6 Reporting, accounting, evaluation	12
7 Risk management	12
Annex 1 Context Analysis	14
Annex 2 The EIP/EFSD as a Danish partner	22
Annex 3 Risk Management Matrix	23
Annex 4 Examples of EIP activities	25
Annex 5 Supplementary materials and references	27
Annex 6 Process Action Plan	29
Annex 7 Quality Assurance Checklist – recommendations from appraisal	31
Annex 8 Results Measurement Framework	33

Abbreviations

AAAA	Addis Ababa Action Agenda
AfDB	African Development Bank
AFD	Agence Française du Développement (French Development Agency)
SCP	Sustainable Consumption and Production
COM	European Commission
DAC	Development Assistance Committee of the OECD
Danida	Danish International Development Assistance
DEVCO	EU Commission's Directorate-General for International Cooperation and Development
DFI	Development Finance Institution
DIIS	Danish Institute for International Studies
DKK	Danish Kroner
EBRD	European Bank for Reconstruction and Development
EFSD	European Fund for Sustainable Development
EIB	European Investment Bank
EIP	EU's External Investment Plan
EUR	European euro
FMO	Netherlands Development Finance Company
HRVP	High Representative and Vice President of the European Union
IFC	International Finance Corporation
IFI	International Financial Institutions
IFU	Denmark's Investment Fund for Developing Countries
KFU	Technical and Quality Support department of the Ministry of Foreign Affairs
KfW	Kreditanstalt für Wiederaufbau (German government-owned development bank)
MFA	Ministry of Foreign Affairs of Denmark
MFF	EU's Multiannual Financial Framework
MSME	Micro-, Small and Medium-sized Enterprises
M&E	Monitoring and Evaluation
NDICI	Neighbourhood, Development and International Cooperation Instrument
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PFI	Partner Finance Institution
PIP	Proposed Investment Programmes under the EFSD
SDG	Sustainable Development Goals
SNE	Seconded National Expert
G-TAG	Technical Assessment Group on Guarantees
UNCTAD	United Nations Conference on Trade and Development
BVB ¹	Sustainable Growth and Employment Department of the Ministry of Foreign Affairs
UNGP	United Nations Guiding Principles on Human Rights and Business
USD	United States dollar

Exchange rates	
1 EUR	DKK 7.46
1 DKK	EUR 0.13

¹ Formerly (until 1 August 2019) VBE

1 Introduction

Politically the EU has been called to step up its efforts regarding investment in Africa and its neighboring countries. The External Investment Plan (EIP) is inspired by the Internal EU Investment Plan. It aims to increase the scale, impact, and coherence of EU-supported external investments in Africa and in EU's Neighborhood Region. The EIP introduces innovation to the European financial architecture including a guarantee mechanism, a concessional blending mechanism for de-risking investments, and an integrated "three-pillar" approach. As illustrated in figure 1 below, the three pillars consist of: 1) the European Fund for Sustainable Development (EFSD), 2) a technical assistance pillar, and 3) a pillar to enhance conducive investment climate in the African and EU's Neighbourhood partner countries.

Figure 1: European External Investment Plan – an overview



The Danish contribution will go to the EFSD Guarantee Fund and earmarked for Africa. The objectives are aligned with Denmark's development and humanitarian strategic priorities ("The World 2030"). The contribution directly supports the strategic aim to enhance responsible investments and market-based solutions in developing countries.

The contribution takes departure in the Addis Ababa Action Agenda on Financing for Development with which the international community agreed to mobilize financing in support of the Sustainable Development Goals (SDGs). In line with the Addis Ababa Action Agenda (AAAA), the EIP relies on Official Development Assistance (ODA) to mobilize private sector finance for the SDGs in support of the 2030 Agenda.

With an active engagement in the EIP, Denmark wish to contribute to EU's efforts towards achieving the SDGs by promoting inclusive and sustainable economic growth, full and productive employment, and decent work for all, thereby addressing the root causes of irregular migration.

2 Context of the External Investment Plan

With the European Fund for Sustainable Development as the financial pillar of the External Investment Plan, the European Union has taken a leading role in mobilizing private sector funding for development. This chapter gives an overview of key issues related to the EIP's main objective of mobilizing finance for development through catalyzing private sector capital.

2.1 Background

The investments required to achieve the Sustainable Development Goals (SDGs) in developing countries are enormous. At the time of launching the SDGs in 2015, UNCTAD estimated that the total SDG investment needs in developing countries is in the order of USD 3.3 – 4.5 trillion per year.

Since only a small part of this investment volume is presently covered by existing public and private investments, UNCTAD estimates that there is a financing gap of USD 2.5 trillion annually towards 2030. In Africa, the financing gap in infrastructure alone is estimated at USD 130-170 billion a year.

With a total volume of around 150 billion USD, Official Development Assistance (ODA) only covers a small part of the financing gap. Against this background, and in line with the Addis Ababa Action Agenda on Financing for Development, efforts are made to mobilize finance from other sources, including from the private sector, in order to finance implementation of the SDGs.

In September 2016, the European Commission proposed to establish the External Investment Plan to encourage investments in partner countries, and to contribute to achieving the SDGs. In June 2017, the EU and its Member States signed the European Consensus on Development. Thereby, the EU aligned its development policy with the 2030 Agenda, and underlined the links between development and other policies, including peace and security, humanitarian aid, migration, the environment and climate change.

In September 2017, the European Parliament and the Council established the European Fund for Sustainable Development (EFSD) as part of the EIP. This instrument was established under an EU Regulation, which forms the legal basis for the EFSD².

The EIP/EFSD is an important part of the European financial architecture in support of development cooperation. It laid the ground for an integrated and ambitious programme of mobilizing finance for investments in EU partner countries. The official launch of the EIP took place at the EU-Africa Summit in Abidjan on 28 November 2017³.

In September 2018, the EIP was strengthened with the launch of the Africa-EU Alliance for Sustainable Investment and Jobs. The Alliance builds on the EIP and on related initiatives, such as the Sustainable Business for Africa Platform (SB4A). The SB4A supports the work under the third pillar of the EIP on investment climate in order to scale up private investments in Africa and stimulate trade.

Since the launch of the EIP in 2017, Denmark has participated in all meetings of EIP's Strategic Board and Operational Boards⁴. This, along with a constructive dialogue with the EIP Secretariat, has ensured influence on the programming of the EIP, and a good understanding of its scope and objective.

² Regulation (EU) 2017/1601, establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund, dated 26 September 2017.

³ Ministers from Africa and the EU, including the Danish Minister for Development Cooperation took part in the Summit. A separate launch of the Neighbourhood Investment Platform took place at the EU Partnership Summit in Brussels on 24 November 2018.

⁴ For a description of the EIP/EFSD as an institutional partner, see Annex 2.

The European Commission manages the EIP/EFSD through the EIP Secretariat, which cuts across several units of two Directorate-Generals: The DG for International Cooperation and Development (DEVCO), and the DG for European Neighbourhood Policy. By August 2019, the number of staff of the EIP Secretariat is around 30 professionals, of which around a quarter are seconded national experts from EU Member States.

Several DEVCO units engage in managing the EIP, including Investment and Innovative Financing, Private Sector and Trade, and the EIP Coordination unit. The seconded national expert, financed under the Danish contribution, will be part of the EIP Secretariat, located in one of the DEVCO units.

2.2 State of play

When launched in 2017, the aim of the EIP was to use 4.1 billion EUR in grants and guarantees to leverage 44 billion EUR in total investments. By end of 2018, 3.7 billion EUR were so far allocated with an expected leverage of 37.1 billion EUR. Of this amount, the aim is that the guarantees mobilise 17.5 billion EUR and blended finance mobilises 19.6 billion EUR⁵.

Under the EIP's 2nd pillar, more than 750 million EUR has been allocated for technical assistance across the EFSD and the EIP 3rd pillar. Furthermore, as part of the EIP communication strategy, and related to pillar three, a series of outreach missions and public-private dialogues have been rolled out in African countries in support of business and investment climate reforms⁶.

With a contribution to the EIP/EFSD, the intention is to open up for cooperation and synergies between EFSD and IFU activities through IFU being accredited to the European Commission through a Pillar Assessment⁷.

While the European Commission manages the EIP/EFSD, it is not implementing the projects financed by the EIP/EFSD. The implementers are the financial institutions and other eligible partners, to which the guarantees, grants and other financial instruments are allocated. If and when IFU becomes accredited to the EU, it could get access to the EFSD guarantee fund. The EFSD guarantee fund is the instrument under the EIP, which this contribution will be allocated to.

3 Project presentation

Through the Danish contribution to the EIP, Denmark wish to provide financial, political, and technical support to further the objectives of the EIP/EFSD. This chapter lays out the objective, considerations, and justification for the Danish contribution.

3.1 Programme objective and results

The Danish contribution supports EIP/EFSD's vision and mission, and the associated results.

The purpose of the EFSD is to support investments and increased access to financing in Africa and the European Neighbourhood, in order to foster sustainable and inclusive economic and social development and promote the socioeconomic resilience of partner countries.

The EFSD focuses on sustainable and inclusive growth, on the creation of decent jobs, on gender equality and the empowerment of women and young people, and on socioeconomic sectors and micro,

⁵ OECD/DAC defines blended finance as "The strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries".

⁶ Annex 4 gives concrete examples of activities under the three pillars, including on financial institutions' projects under the EFSD (pillar 1).

⁷ More information on this is included in section 3.6, and Annex 1 item 6.

small and medium-sized enterprises, while maximizing additionality, delivering innovative products and crowding in private sector funds.

The EFSD contributes to the achievement of the SDGs and the 2030 Agenda, in particular poverty eradication, and, thus addressing specific socioeconomic root causes of migration and fostering sustainable reintegration of migrants returning to their countries of origin, and strengthening transit and host communities.

In addition, investments under the EIP/EFSD shall contribute to the Paris Climate Agreement and be based on EU's political commitment on climate action. According to this commitment, minimum 28% of the financing under the EFSD shall be devoted to climate friendly investments such as renewable energy and resource efficiency⁸.

On this basis, and with a strong focus on job creation in Africa, the objective of the Danish contribution is to help achieve the purpose of the EIP/EFSD by leveraging investments and increase access to financing in order to foster sustainable and inclusive economic and social development, and contribute to the Sustainable Development Goals, including by addressing the challenge of climate change and the socioeconomic root causes of migration.

A related objective of the Danish contribution is to create synergies between EFSD investments and Danish knowledge and experience. Synergies will be pursued at the country level through interaction between EU Delegations and Danish embassies as well as by engaging Danish actors, including the development finance institution, IFU, through pillar accreditation to the EU⁹.

The EFSD Strategic Board has established five investment windows, which serve to guide the investments towards five priority sectors. The investment windows are:

1. "Sustainable energy and connectivity": targeting renewable energy, energy efficiency and transport, enhancing energy security and sustainable development, addressing climate change risks and helping countries deliver on their commitments to implement the Paris Agreement.
2. "Micro-, small and medium-sized enterprises": addressing constraints hampering development by adopting a differentiated approach. This will result in increased job opportunities, especially in countries affected by conditions of fragility, whilst promoting the progressive graduation of businesses from the informal economy.
3. "Sustainable agriculture, rural entrepreneurs and agroindustry": responding to the lack of financing mechanisms adapted to farmers and agro-entrepreneurs.
4. "Sustainable cities": exploring innovative mechanisms to address the challenges of sustainable urban development faced by partner countries.
5. "Digitalization for sustainable development": focusing on innovative digital solutions, especially those addressing local social needs, financial inclusion and promoting decent job creation.

The commitment in the EFSD purpose statement to promote climate action is guided by the design of the EFSD investments windows, in particular the first window on sustainable energy. The investment windows are well aligned with Danish business strongholds, thereby offering opportunities for engaging Danish expertise in the implementation of the EIP/EFSD.

The results of the EIP will be measured against specific targets with a series of outcome and impact indicators as regards:

⁸ The language in the first four paragraphs of this section (3.1.) is taken from the purpose statement in Article 3 in the EFSD Regulation.

⁹ Ref. section 3.6 below.

- the contribution to the achievement of the SDGs;
- generating inclusive and sustainable growth;
- creating decent jobs;
- promoting gender equality and the empowerment of women and young people;
- a positive impact on climate change;
- contributing to poverty eradication; and
- addressing root causes of migration.

When monitoring the performance of the EIP/EFSD, Denmark will give particular importance to creation of jobs and on a positive impact on climate change. Danish monitoring of the EIP/EFSD results in these and other areas will be based on the Commission's reporting and evaluation processes.

In addition, Denmark will monitor the extent to which synergies are created between EFSD investments and Danish expertise. In particular, this will focus on how IFU's will be able to benefit from becoming accredited to the EU through a pillar assessment¹⁰.

3.2 Theory of change

At the overall level, the theory of change for the EIP/EFSD runs as follows:

The level of investment in many African countries is insufficient to support a sustainable and inclusive growth trajectory, which can ensure employment and income opportunities of a growing labour force. The mobilisation of private capital, technology, and knowhow for SDG investments across Africa is marginal due to a challenging risk-return balance on investments and limited market knowledge. With support from the EIP/EFSD, investors can be engaged through the provision of blended finance and guarantees that contribute to a predictable and acceptable return on investments. **If** the EIP/EFSD is able to provide sufficient de-risking for partner institutions to invest and leverage the necessary capital, **then** it will be possible to increase investments in high impact projects in fragile and low-income countries to: i) support a dynamic, sustainable, and inclusive growth process, ii) generate decent jobs, and iii) contribute to the revenue side of public finances.

The partner institutions, with which the European Commission works, are publicly owned institutions with a capacity to carry out development projects. There are two categories of partner institutions:

1. Development Finance Institutions in EU Member States
2. International Development Banks / International Financial Institutions

By invitation from the Commission, partner institutions submit proposed investment programmes (PIPs) for financing under the EFSD. The PIPs are presented in the form of a portfolio of investment operations, rather than as individual projects. Following an assessment process, and advised by the Technical Assessment Group on Guarantees, the Commission advises the operational boards on a selection of investment programmes to be allocated to the bidding partner institutions¹¹.

The selected partner institutions pass on the benefits of the guarantee to end-borrowers. End-borrowers may be private investors, companies, institutional investors, or local banks in partner coun-

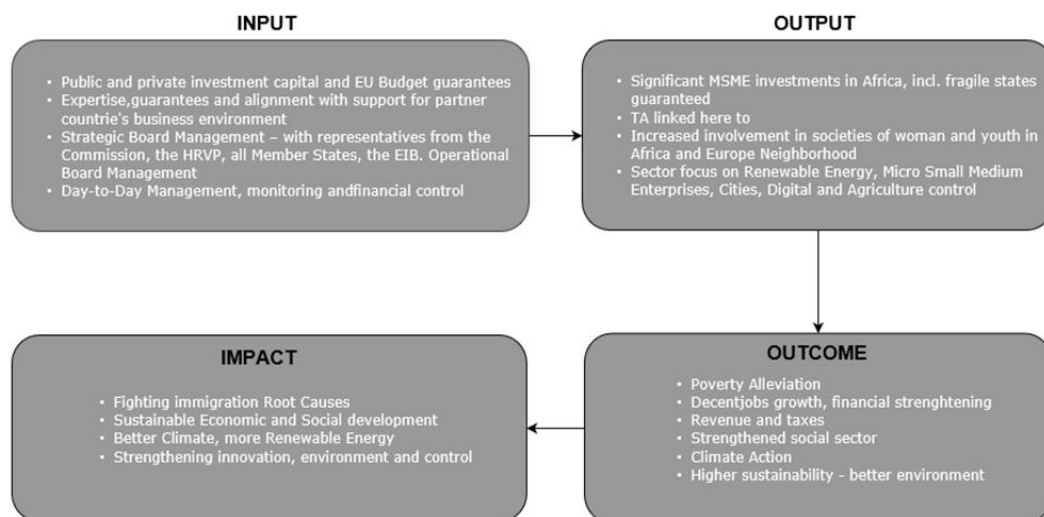
¹⁰ For further details on this and on the EIP/EFSD results measurement framework, see Annex 8.

¹¹ By end of 2018, 28 guarantees were allocated under the EFSD Guarantee of which two examples are presented in Annex 4. For a full overview of the investment programmes, see: [Summaries of the EU External Investment Plan: Guarantees](#).

tries. Together with the end-borrower, the partner institutions may give loans to small firms, or finance concrete projects. The investments are made in EFSD's above-mentioned five investment windows.

In line with the above delivery process, figure 2 illustrates the theory of change of the EIP/EFSD.

Figure 2: Theory of Change of the External Investment Plan



The figure not only illustrates the intervention logic between input, output, outcome and impact, but also reflects that the guarantees under the EFSD will be supplemented by actions under the two other EIP pillars, i.e. technical assistance and support to enhance the investment climate in partner countries. This reflects EIP's integrated approach through which economic policy dialogue, technical expertise, and investments work hand in hand.

3.3 Alignment with the Danish development strategy

By contributing to the EIP/EFSD, Denmark signals its role as a responsible European partner in a period of uncertainty on multilateral and intergovernmental institutions, while basing its engagement in the EIP on key principles of Danish development assistance for achieving sustainable development and for increasing the private sector's contributions to the development process.

The Danish contribution builds on key elements of the four strategic aims of Denmark's Strategy for Development Cooperation and Humanitarian Action, "The World 2030"¹²: (i) security and development – peace, stability and protection, (ii) migration and development, (iii) inclusive sustainable growth and development, and (iv) freedom and development – democracy, human rights and gender equality. In particular, the EIP mirrors strategic aim two and three.

A key impact objective of the EIP/EFSD is to create business opportunities and decent employment for youth and women. It is estimated that the guarantees will provide funding for more than 450,000 companies and create or support over 1.8 million jobs¹³.

Likewise, the EIP/EFSD plays a significant role in promoting innovation in industry, infrastructure, agriculture, and digital technology, which is an element under strategic aim three in "The World 2030".

¹² Ministry of Foreign Affairs of Denmark/DANIDA, 2016: The World 2030 – Denmark's strategy for development cooperation and humanitarian action

¹³ Ref. [Summaries of the EU External Investment Plan: Guarantees](#).

Mirroring key elements in strategic aim four, EIP/EFSD investments will stimulate economic activity, and production output for domestic and external markets. Thereby, the EIP/EFSD will make a contribution to government revenue, through Value Added Tax, company tax, and salary/income tax.

There is also clear correspondence between the EIP/EFSD and the Danish priority of countering irregular migration and to addressing the root causes of migration. The right to decent jobs and a secure life with equal opportunities for men, women, and youth is included in the EFSD purpose statement. This reflects alignment between the EIP/EFSD and strategic aim four of “The World 2030”.

3.4 Adherence to the development effectiveness agenda

The implementation of the EIP is carried out in cooperation with multiple partners, of which partner countries and their populations are the ultimate beneficiaries. The support is provided, taking into account the needs of the partner countries.

The EFSD Regulation requires that the EFSD is in line with “the internationally agreed development effectiveness principles as set out by the Fourth High-Level Forum on Aid Effectiveness in Busan in 2011”. Likewise, the purpose statement of the EFSD states that “the EFSD shall be guided bythe internationally agreed development effectiveness principles”¹⁴.

With the EFSD Regulation laying a solid base for adherence to the development effectiveness principles, the Strategic Board has followed up, emphasizing that the Principles must be followed during implementation of the EIP. In particular, the principle of harmonization has a special bearing on the EU and its Member States in terms of efforts to coordinate their actions, share information, and avoid duplication. This, not least, applies to the efforts under pillar 3 on investment climate, where EU Delegations and Member States’ embassies are encouraged to coordinate at country level¹⁵.

3.5 Justification

As illustrated above, the rationale and justification for the contribution to the EIP/EFSD is based on several factors, including alignment of the EIP objectives with the policies and strategies of partner countries, and with Denmark’s “The World 2030” strategy.

Moreover, the EIP/EFSD is designed to live up to the five quality criteria of OECD’s Development Assistance Committee. Below is an overview of how the quality criteria apply.

Relevance: The EIP/EFSD and the Danish contribution will help achieve the SDGs, in particular goal 8. Thus, the EIP/EFSD contributes to achieving important international and national development goals, while being guided by internationally agreed principles, such as those on aid effectiveness, multinational enterprises, human rights, and while pursuing a wide range of strategic objectives of global value, including the EU Global Strategy for Foreign and Security Policy, the EU Resilience Policy, and the Danish “World 2030” Strategy.

With the contribution, Denmark signal concrete political support of sustainable development, support to climate action in line with the Paris Climate Agreement, and encourages private sector contributions to the internationally agreed development goals.

¹⁴ EFSD Regulation, preambular para. 6, paragraph 2 of Article 3, and paragraph (g) of Article 9.

¹⁵ In March 2019, the EIP Secretariat has launched a series of outreach events at country level, in which joined ways of working together is pursued.

Effectiveness: The EFSD Regulation ensures effectiveness of EFSD governance and implementation. While acknowledging the rules of the EU Treaty and the EU policies of development cooperation, this includes setting up reliable and transparent institutional arrangements. The Commission is to ensure effective, efficient, and fair use of available resources amongst eligible counterparts, while promoting cooperation between them. It implies that to implement the EFSD, the Commission will select eligible counterpart institutions with a strong implementation capacity.

Efficiency: From the perspective of mobilizing financing for development, the EIP/EFSD is estimated to have a leverage ratio of 1 : 11. Even if this ambitious target is not fully met, this illustrates that private sector capital can be mobilized with the use of ODA. Considering the size and complexity of EIP operations, the allocation of funds and guarantees under the EFSD has been relatively smooth. This reflects that in managing the EIP, the EIP Secretariat, supported by the European Investment Bank, has so far operated as an efficient one-stop-shop. The EIP pillar 2 and 3 are assets in achieving effectiveness and efficiency.

As for managing the EFSD in the 2021-2027 Multiannual Financial Framework, negotiations are held on how to establish the most efficient division of labour between the Commission and the EIB. The negotiations, which led to a broad agreement in April 2019, relate to the design of an efficient, future financial architecture, part of which a development subsidiary may be set up under the EIB¹⁶.

Impact: So far, experience with the EIP/EFSD is positive. Introducing guarantee instruments in development cooperation and through transnational cooperation to identify best practices and gain traction have proven to be an attractive proposition to the financial institutions. Thus, after inviting proposals, the Commission received 3.5 billion EUR worth of proposed investment programs under the EFSD Guarantee, thereby exceeding the available ceiling of 1.5 billion EUR. It reflects the active support and commitment of EU Member States, development banks, and IFIs regarding development, innovation, irregular migration, sustainability, and climate action issues.

Moreover, integrated approaches, building on political dialogue and involving EU and non-EU organizations and financial tools, is expected to deliver high value-added. For example, cooperation with the African Development Bank will allow the Bank to allocate substantial funds for renewable energy projects that it would not do on its own.

Sustainability: The EIP, along with the EFSD has been operational for less than two years. Through the assessment of the proposed investment programmes, there is focus on ensuring sustainability of the approved investments. Thereby, EFSD has the potential to be a vehicle for much needed investments in Africa. Progress on EFSD's main objective to help partner countries mobilise investments to achieve the sustainable development goals will be carefully monitored.

Additionality: In addition to the five DAC quality criteria, justification also is based on an assumption of additionality. Additionality can be for economic and social development impact, geographical scope, private sector involvement, financial innovation, and financial sustainability. To be selected as a partner institution, the institution therefore must demonstrate how the additionality criteria will be fulfilled.

In the context of the EFSD guarantee, additionality means the principle that the EFSD guarantee contributes to sustainable development by operations, which could not have been carried out without the EFSD guarantee, or which achieve positive results above and beyond what could have been achieved without it.

¹⁶ Negotiations are held as part of negotiating EU's Neighbourhood, Development and International Cooperation Instrument (NDICI).

Additionality also means addressing market failures or sub-optimal investment situations as well as improving the quality, sustainability, impact or scale of an investment. Thus, operations should typically have a higher risk profile than would be possible under investment policies without the EFSD guarantee. The Commission's assessment of the PIPs is based on objective criteria, including additionality.

Trusted partner: Finally, justification also stems from the fact that the European Commission is a reliable partner, with which Denmark, as an EU Member State, cooperates in numerous ways, and which has strong instruments, modalities, and technical capacity to deliver development results¹⁷. Denmark's engagement in a collaboration initiative such as the EIP/EFSD helps make the EU a strong foreign policy player.

3.6 Strategic considerations

In 2014, the European Commission issued a Communication titled "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries". The Communication laid the ground for a strategy, which places the private sector as a key partner in achieving the Sustainable Development Goals.

In EU's Multiannual Financial Framework for 2014-2020, approximately 2 billion EUR is allocated for private sector development¹⁸, making the EU a key player in supporting private sector development in partner countries. This is based on the recognition that private sector development plays a key role in creating economic growth, employment and improved living conditions, and forms "part of a new global approach, a new paradigm for sustainable development, in which the private sector plays a critical role"¹⁹.

A key strength of the EIP is the combination of its three pillars, thereby offering an integrated approach to boosting investments in Africa. While pillar 1 - the EFSD - offers financial support, the 2nd pillar provides technical assistance for project implementation under pillar 1, and contributes to conducive business environments (pillar 3), while pillar 3 helps lay the ground for the investments (pillar 1).

The EFSD objective of linking private sector led economic growth with migration issues was prompted by the European migrant crisis, peaking in 2015. The EIP/EFSD can be seen as an instrument to scale up the efforts of the EU and its Member States in engaging the private sector as a driver of socio-economic development, seeing these efforts as integral parts of addressing the European migration challenge. Other EU related initiatives are the EU Trust Fund for Africa, the EU Instrument for Stability and Peace, EU's Africa Peace Facility, and EIB's Economic Resilience Initiative. With the contribution to the EIP, Denmark contribute financially to four of these EU initiatives²⁰.

The Danish bilateral contribution to the EIP/EFSD opens up for mutual learning between Denmark and the European Commission on investment programmes in Africa and EU's neighbourhood region. Considering the Danish SDG Investment Fund, sharing of experience and lessons from, e.g., on challenging investment environments in fragile states will be valuable. At the country level, there will also be mutual benefits by sharing experiences of enhancing conducive investment climate.

¹⁷ The Commission also has a strong learning culture, including on its experience with blended finance, ref. further information in Annex 2.

¹⁸ Excluding capitalization of the EIP/EFSD.

¹⁹ <https://ec.europa.eu/europeaid/sectors/economic-growth/private-sector-development>

²⁰ Denmark also contributes to the Trust Fund for Africa, the Instrument for Stability and Peace, and Africa Peace Facility.

In addition, the strong match between EFSD's five investments windows and Danish competences makes use of the opportunity for cooperation obvious. Opportunities for cooperation will be enhanced by IFU becoming accredited to the EU through a pillar assessment. Pillar accreditation opens up for IFU to submit proposals for blended finance or financial assurance in the form of a guarantee for a portfolio of investment projects under the EFSD. Thereby, IFU will become an eligible counterpart to the EU Commission in line with DFIs such as the German KfW and the French AFD.

These opportunities will also be enhanced by Danish companies reaching out to key actors involved in the EIP/EFSD, and through spreading of information on the EIP/EFSD in Denmark. An example is a well-attended joint MFA-Confederation of Danish Industry conference on blended finance in March 2018, at which the EIP Secretariat presented the opportunities of the EIP/EFSD for Danish investors and businesses.

4 Budget

From the outset, Denmark and other EU Member States have given the EIP full political support. In addition, bilateral funding demonstrates a willingness to strengthen policy driven processes based on international development cooperation principles, the European Consensus on Development, and the implementation of the SDGs.

From the time of establishing the EIP/EFSD, the expectation has been that EU Member States make financial contributions directly to the instrument. The European Commission has explicitly encouraged support in the form of bilateral contributions.

The main part of the Danish contribution will be a contribution to the EFSD Guarantee Fund, earmarked for Africa. The seconded national expert and general support is provided for activities across all three EIP pillars.

Table 1: Danish bilateral contribution to the EIP (million DKK)

External Investment Plan/EFSD	
Investment guarantees, earmarked for Africa	70
Seconded national expert to the EIP secretariat	3.5
General support to the Secretariat of the External Investment Plan	1.5
Total contribution	<u>75</u>

The Danish contribution to the EFSD Guarantee Fund and related support to the EIP Secretariat will be anchored in a Transfer Agreement between the EU Commission and the Government of Denmark.

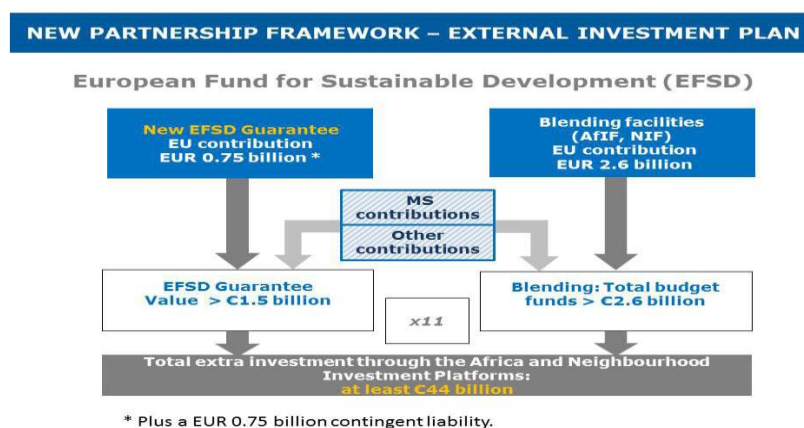
Based on this Project Document, the Transfer Agreement will lay out issues such as objective, nature of supported activities, expected results, entry into force, and money transfer details. As per the 2019 Fiscal Act, transfer of the cash contribution is planned for 2019. With a life span of 20 years, including a ramp-up period of 4 years, a 15-year period for the guarantee to be active, and a closing period of 1 year, the end date of the EFSD Guarantee Fund is set for 2039. However, for accounting reasons the end date of the Transfer Agreement is set at 2024, at which date any remaining funds will be transferred to ownership of the EU to continue meeting the purpose of the EFSD Guarantee.

Denmark will be among the first EU Member States to meet the European Commission's call for a bilateral contribution to the EIP, and it will be the first with a substantial contribution to the EFSD.

Other Member States that have so far only contributed minor commitments to the EIP, e.g. Germany: 1 million EUR (Neighbourhood Platform), Estonia: 1 million EUR (Neighbourhood Platform), 100.000 EUR (EFSD Guarantee Fund) and the Czech Republic: 300.000 EUR (to the EFSD Guarantee Fund). From outside the EU the Bill & Melinda Gates Foundation has contributed 40 million EUR (to the EFSD Guarantee Fund).

Figure 3 illustrates allocations and expected contributions to the EIP/EFSD. The EFSD guarantee, which is the relevant part of this programme, has a value of 1.5 billion EUR of which 50% is a cash contribution and 50% is a contingent liability. The Commission's allocations to the guarantee and the blending facilities come from the European Development Fund to which Denmark and other EU Member States contribute.

Figure 3: Allocations and expected contributions to the EIP/EFSD



As and when contributions from EU Member States and other donors materialize, the total amount available for the EIP/EFSD may increase.

5 Institutional and management arrangements

From an institutional and legal perspective, the Danish contribution to the EIP/EFSD is defined by the EFSD Regulation, the Communication on the European External Investment Plan, the Communication Towards a more efficient financial architecture for investments outside the EU, and on EU's partnerships with Africa: A new Africa-Europe Alliance for sustainable investments and jobs²¹.

In managing the EIP/EFSD, the EU Commission is advised by the Strategic and two Operational Boards, one for the Africa Investment Platform, and one for the Neighbourhood Investment Board.

The Strategic Board is chaired by the EU Commission and composed of EU Member States, the European Investment Bank (EIB), and the European External Action Service. The Strategic Board gives strategic guidance and helps the Commission set overall goals as regards the EIP/EFSD.

As an EU Member State, Denmark plays an active role in the Strategic Board and the Operational Boards. Thereby, Denmark help provide guidance, and take part in the decision-making processes on the strategic direction and implementation of the EIP/EFSD.

The EIP Secretariat is set up within the Commission. The Secretariat performs of all tasks and functions to fulfil the objectives of the EIP. The Secretariat coordinates technical assessment of the PIPs

²¹ Ref. footnote 2, and additional information in Annex 2. For references, see Annex 5.

for use of the EFSD guarantee as well as of the individual projects under the investment platforms. It coordinates with EU Member States and acts as secretariat for the Strategic and Operational Boards. The EIB provides advice to the Commission on the operational management of the EFSD guarantee²².

6 Reporting, accounting, evaluation

The EIP/EFSD is bound by extensive requirements on reporting, accounting, and evaluation²³. A key requirement is that the Commission shall submit annual reports to the European Parliament and to the Council on the financing and investment operations covered by the EFSD. These reports will provide regular information to Denmark on the progress of the EIP/EFSD, and will be publicly available.

The annual reports shall include 12 elements. The most important are: i) results, ii) investment operations, including risks, iii) indicators, including on additionality, gearing ratio, impact on jobs, gender, iv) synergies between the three pillars of the EIP, and v) compliance with the aid effectiveness principles.

The partner institutions, with which PIPs have been agreed, are required to prepare financial reports on financing and investment operations. The financial reports, to be audited by an independent external auditor, shall be submitted annually to the Commission and the EU Court of Auditors. On this basis, the Commission shall submit financial statements to the European Parliament, the Council and to the Court of Auditors. This will keep Denmark informed of the financial performance of the EIP/EFSD.

The Commission is required to carry out an evaluation of the EFSD, in order to assess if it contributes to the purpose, as stated in the EFSD Regulation. The first evaluation shall be carried out at the end of 2019. Subsequently, evaluations will be carried out every three years. The Commission shall submit the evaluation reports to the European Parliament and to the Council, and thereby be available to Denmark. The evaluation report will be accompanied by an opinion of the Court of Auditors.

7 Risk management

Investments in developing countries are associated with a relatively high perceived and real risk. This, in particular, applies to investments in fragile and conflicted-affected countries, and least developed countries. According to the EFSD Regulation, a significant share of investments shall be allocated to these countries, in which political and economic conditions may be sub-optimal²⁴.

The EFSD Guarantee Risk Policy Framework sets out the risk-taking capacity that of the EFSD, and informs the Operational Boards about the aggregate risk exposure that the EFSD is set to take. The key elements in the Guarantee Risk Policy Framework are:

- The total amount of guarantees granted must not exceed the maximum level of the 1.5 billion EUR capitalization of the EFSD guarantee.
- Since the guarantee fund is provisioned with grant resources, the Commission will not charge any risk premium. It may apply a mark-up for large transactions that may lead to risk concentration.
- The Commission will manage the guarantee in such a way that the total cumulative losses through 2039 will remain below the guarantee fund's initial endowment of 750 million EUR.
- The expected loss on the cash provisioning is around 350 million EUR over the twenty-year life of the guarantee. The risk policy framework thereby enables investments with a much higher efficiency than under traditional blending arrangements, where the full cash amount is tied and remains unavailable for other development cooperation activities.

²² For further information on institutional arrangements, see Annex 2.

²³ This chapter summarizes the reporting requirements as set out in articles 16 and 17 of the EFSD Regulation.

²⁴ In addition to the elements presented in this paragraph, a risk management matrix is included as Annex 4.

The Commission directly manages the EFSD Guarantee Fund. The primary body for carrying out risk assessments is the Technical Assessment Group on Guarantees, in which the EIB has an advisory role. The risks covered may include the following categories: i) political, ii) economic, iii) financial, iv) social, v) environmental, and vi) implementation risks. For each risk category, the applying partner institution must describe the nature of the risk and how the risk will be mitigated. In addition, the severity of the risk must be indicated by either “high”, “medium”, or “low”.

Partner institutions submitting proposals for EFSD guarantees are to provide detailed assessment of risks of the proposed investment portfolio to conclude guarantee agreement negotiations. The partner institutions will assess the bankability and risk of individual projects. The partner institution, with which agreement on a guarantee or funding has been concluded, must submit to the Commission an annual financial report, which includes, inter alia, a risk assessment of the investment operation, including on the EU's liabilities²⁵.

²⁵ EFSD Regulation, Article 16, paragraph 2.

Annex 1 Context Analysis

1. Overall development challenges, opportunities and risks

Briefly summarise the key conclusions from the analyses consulted and their implications for the programme regarding each of the following points:

The investments required to achieve the SDGs in developing countries are enormous. At the time of launching the SDGs in 2015, UNCTAD estimated that the total SDG investment needs in developing countries will be in the order of USD 3.3 – 4.5 trillion per year. Only a small part of this investment volume is presently covered by existing public and private investments. For example, total Official development Assistance is around 15 billion USD. Therefore, UNCTAD estimates that there is a financing gap of USD 2.5 trillion annually towards 2030.

Against this background, and in line with the Addis Ababa Action Agenda on Financing for Development, efforts must be made to mobilize finance from other sources, including from the private sector, in order to finance implementation of the SDGs.

The main financing gaps on SDG implementation relate to sectors such as energy, transport, telecommunication, water & sanitation, agriculture, food security, health, and education. With the Addis Ababa Action Agenda, it is recognized that both public and private investments have key roles to play, and that ODA has the potential to leverage private finance for development.

In the lead up to the launch of the SDGs, and encouraged by the Addis Ababa Action Agenda, efforts have been made to develop private sector financing instruments to facilitate public-private partnership, blended finance, and other innovative financing tools such as guarantee instruments and social impact bonds.

Blended finance and other private sector instruments aim to combine concessional public finance with non-concessional private capital. In pooling resources, donor organizations along with the private investors jointly contribute to the mobilisation of substantial private capital, technology and knowhow for sustainable and inclusive impact investment in developing countries.

A major reason for the SDG funding gap is that a significant part of the needed development investments cannot attract private funding because the perceived or actual risk is too high relative to the expected return. This, in particular, applies to fragile and conflict affected countries, and to countries, where – for other reasons – the investment climate is not conducive. By lowering investment-specific and contextual risks, private sector instruments such as blended finance arrangements and guarantees are suitable in such countries.

With this in mind, OECD's Development Assistance Committee in 2017 developed a set of principles to guide the use of blended finance. In addition, the DAC has decided to modernize the definition of ODA by setting up new rules on how to report the use of ODA in the context of private sector instruments.

In parallel, private sector companies increasingly see opportunities in SDG related investments in developing countries. This is encouraged by the analysis of the Business and Sustainable Develop-

ment Commission, which in 2017 estimated that the SDGs offer a 12 trillion USD market opportunity within areas of central importance to the achievement of the SDGs²⁶.

Through the EIP and its European Fund for Sustainable Development, the EU along with public and private actors is a leading force in raising capital through blended finance in support of the Sustainable Development Goals.

With a financial contribution, Danish engagement in the EIP/EFSD offers opportunities such as:

- An integrated EIP three pillar approach – financially, technically, politically
- Mobilization of private finance at large scale for SDGs in partner countries
- Limited amount of ODA leading to a high leverage ratio
- An integrated approach, into which the root causes of migration are addressed
- Engagement in flexible financial products at large scale, which can match similar financial products of actors such as China and the USA
- Work jointly
- Engage Danish actors, - directly (IFU) and indirectly
- Learn from scaled up EU experience (through Boards, dialogue, seconded expert, etc.)

Challenges include:

- Barriers to private sector investments, particularly in fragile states
- A pipeline of bankable projects is still limited in many developing countries
- Ensure additionality – crowd in private capital
- Be mindful of increased indebtedness in some developing countries
- Engage European partner institutions across a broad range of EU Member States
- Encourage more EU Member States to make bilateral contributions to the EIP/EFSD
- Document the impact of investments (results framework, monitoring, and measurement)²⁷.

List the key documentation and sources used for the analysis:

The issues are addressed in a number of documents from various sources including:

- Addis Ababa Action Agenda, United Nations, July 2015
- UNCTAD: <http://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=194>
- Commission on Business and Sustainable Development: <http://www.undp.org/content/undp/en/home/blog/2017/7/13/What-kind-of-blender-do-we-need-to-finance-the-SDGs-.html>
- OECD/DAC: Global Outlook on Financing for Sustainable Development 2019
- OECD/DAC [Blended Finance Principles](#), approved at the 2017 DAC High-Level Meeting
- World Economic Forum: From Funding to Financing: Addressing the Development Finance Challenge
- Danish Institute for International Studies: Can the SDGs in low-income countries be financed?
- G20 Eminent Persons Group on Global Financial Governance

Are additional studies / analytic work needed? How and when will it be done?

There is no need to conduct additional contextual studies and analytical work.

²⁶ Ref. <http://report.businesscommission.org/>

²⁷ For a risk management matrix, see Annex 4.

2. Fragility, conflict, migration and resilience

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

As one of its main objectives, the EIP/EFSD will address the root causes of migration. As mentioned in section 1 of chapter 3, this is clearly included in EFSD's purpose statement.

Also, in the second preambular paragraph, it is stated that the EFSD aims to “address specific socio-economic root causes of migration, including irregular migration, and to contribute to the sustainable reintegration of migrants returning to their countries of origin and to the strengthening of transit and host communities”.

Through investments in the private sector, including though micro-, small and medium-sized enterprises, the EIP/EFSD is envisaged to have an important positive impact in countering irregular migration through the generation of income, decent jobs for men and women, and improved living conditions.

The EFSD Regulation sets as one of the eligibility criteria for support through the EFSD that investment operations must contribute to the implementation of EU's migration policy, including, where appropriate, the New Partnership Framework with third countries under the European Agenda on Migration.

Thereby, the aim is that the EIP/EFSD will help foster the resilience of transit and host communities, including by contributing to reintegration of migrants returning to their countries of origin.

As regards fragile countries and countries affected by conflict, the EIP/EFSD gives special priority to its investment operations in Africa. Thus, under EFSD's Africa Investment Platform, a significant share of the EFSD guarantee shall be allocated to fragile and conflict-affected countries, landlocked countries and Least Developed Countries.

The requirement to allocate “a significant share” is not quantified. This makes it difficult to monitor to which extent this requirement will be fulfilled. Whatever the ambition is, studies by international institutions such as UNCDF, OECD, and DIIS show that it can be a challenge to channel high volumes of private investments to fragile states and countries in conflict.

This is a key rationale for establishing a guarantee facility and blended finance instrument such as the EFSD. This investment instrument is exactly set up to help address market failures, thereby enhancing the likelihood of reaching out to countries with sub-optimal investment climate.

List the key documentation and sources used for the analysis:

For references, see Annex 1.1 and Annex 5.

Are additional studies / analytic work needed? How and when will it be done?

Additional studies and analytical work is not needed.

3. Assessment of human rights situation (HRBA) and gender²⁸

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Human Right Standards (international, regional and national legislation)

In establishing the EIP/EFSD, considerable effort has been made to ensure that it complies with internationally agreed human rights standards.

As stated in preambular paragraph 7 of the EFSD Regulation, the purpose of the EFSD is “in line with the Charter of Fundamental Rights of the European Union and international human rights laws, which ensures a human rights-based approach while addressing forced displacement and irregular migration”.

Against this background, financial institutions requesting guarantees will be subject to a stringent due diligence process, which will assess the institutions’ adherence to the principles of good corporate governance, the compliance with the principles of good business conduct, their compliance with international guiding principles and national standards and regulations.

Danida generally promotes a human rights-based approach that puts the international human rights entitlements (the “rights-holders”) and the corresponding obligations of the State (the “duty-bearer”) at the center of development engagements. With increased focus on corporate social responsibility, actors from the private sector can be seen as “duty-bearers” with obligations vis-à-vis the citizens in the societies where they operate. The due diligence process will help clarify the expectations and responsibilities towards EIP private sector partners as duty bearers.

Human Rights Principles

The implementation of the EIP/EFSD will be carried out in accordance with a set of internationally agreed human rights principles. The requirement is included in the EFSD Regulation. Thus, preambular paragraph 9 of the Regulation states that the EFSD should build on a commitment to internationally agreed guidelines and principles, including principles for Responsible Investment and the UN Guiding Principles on Business and Human Rights and the Organisation for Economic Cooperation and Development’s (OECD) Guidelines for Multinational Enterprises”.

Gender and youth

EIP/EFSD is conscious of gender equality and the promotion of women entrepreneurs. This is reflected in the fact that the Commission’s annual report on the EFSD to the European Parliament and to the EU Council shall include a gender analysis of the operations covered based, where possible, on evidence and data broken down by gender.

Furthermore, in preambular paragraph 9 of the EFSD Regulation, it is stated that the EFSD shall foster decent jobs, economic opportunities and entrepreneurship with a particular focus on gender equality and the empowerment of women and young people in line with EU’s Framework for Gen-

²⁸ The purpose of the analysis is to facilitate and strengthen the application of the Human Rights Based Approach, and integrate gender in Danish development cooperation. The analysis should identify the main human rights issues in respect of social and economic rights, cultural rights, and civil and political rights. Gender is an integral part of all three categories.

der Equality and Women's Empowerment.

List the key documentation and sources used for the analysis:

Various EU and international standards and guidelines on business and human rights.

Are additional studies / analytic work needed? How and when will it be done?

Additional studies are not needed.

4. Inclusive sustainable growth, climate change and environment

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

The key objective of the EIP/EFSD is to contribute to sustainable economic growth.

Three of the five investment windows under the EFSD directly aim to support sustainable development, namely the windows on: i) sustainable energy and connectivity, ii) sustainable cities, and iii) sustainable agriculture and rural entrepreneurs.

In the EFSD Regulation, it is specifically mentioned that economic growth, supported by the EIP/EFSD, shall be green growth.

As mentioned in section 3 of chapter 3, it is also a specific goal that a minimum share of 28% of the financing under the EFSD shall be devoted climate action, including renewable energy and resource efficiency.

Furthermore, in article 3, paragraph 3 of the EFSD Regulation it is stated that "the EFSD shall contribute to the implementation of the Paris Agreement by also targeting investments to sectors that advance climate mitigation and adaptation".

A significant number of the investment agreements that have so far been signed include climate action.

List the key documentation and sources used for the analysis:

The EFSD Regulation.

The Commission Communication on the EIP.

If this initial assessment shows that further work will be needed during the formulation phase, please list how and when will it be done?

No additional assessment is needed.

5. Financial management and corruption

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

According to the EFSD Regulation, the European Commission or eligible counterparts to the

EIP/EFSD shall immediately notify EU's Anti-Fraud Office if, at any stage of the preparation, implementation or closure of financing and investment operations, it has or they have reason to suspect fraud, corruption, money laundering or any other illegal activity that may affect the financial interests of the EU.

The Commission or the eligible counterparts shall provide the Anti-Fraud Office with all necessary information to enable it to carry out a full and thorough investigation. The Anti-Fraud Office may carry out investigations, including on-the-spot checks and inspections with a view to establishing whether there has been fraud, corruption, money laundering or any other illegal activity affecting the financial interests of the Union in connection with any financing and investment operations covered by the EFSD Regulation.

The Anti-Fraud Office may transmit any information obtained in the course of its investigations to the competent authorities of the Member States concerned. Where such illegal activities are proven, the eligible counterparts shall undertake recovery efforts with respect to their financing and investment operations, and shall also provide the relevant authorities with all information needed for investigation and possible prosecution.

List the key documentation and sources used for the analysis:

The EFSD Regulation.

Are additional studies / analytic work needed? How and when will it be done?

No additional studies are needed.

6. Matching with Danish strengths and interests, engaging Danish actors, seeking synergy

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

The fact that Denmark is one of the first EU Member States to make a relatively substantial contribution to the EIP offers the opportunity that Denmark may play a decisive role, possibly even taking a lead position, in moving forward with EU's strategic agenda on innovative finance for sustainable development. In this context, Denmark's experience with the SDG Investment Fund, and MFA's collaboration with IFU, offers a strong background for engagement with the EIP/EFSD.

As mentioned in chapter 3 section 6, the EFSD's five investment windows offer Danish private sector companies an opportunity to play a strong role in the EIP/EFSD by taking part in projects together with IFU in sectors such as renewable energy, energy efficiency, digitalization, sustainable cities, and agribusiness.

In addition, through private sector programmes in most Danish partner countries, Denmark has extensive experience from engagement in promotion of conducive investment climates. Therefore, Denmark supports the efforts of the EIP Secretariat to encourage information sharing and cooperation at the country level on investment climate, and Denmark is ready to join these efforts where relevant.

Furthermore, subject to identifying a seconded national expert with insights in Denmark's bilateral development cooperation, the expert will be able to establish relevant synergies between Danish engagements and the implementation of activities under the three EIP pillars. Thereby, and irrespective of the size of the Danish contribution to the EIP, the potential for Denmark to engage in the EIP/EFSD is significant.

List the key documentation and sources used for the analysis:

N/A

Are additional studies / analytic work needed? How and when will it be done?

No additional studies are needed.

7. Stakeholder analysis

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

The key stakeholders of the External Investment Plan can be divided between actors that benefit from the Plan, and actors that stand behind and deliver the Plan.

The first category includes the main target group, which are the *partner countries in Africa and EU's Neighbourhood region* in which investments are made. The governments of these countries are the political actors to whom the EU is engaged in partnerships under the EIP and the Africa-Europe Alliance.

In the partner countries, beneficiaries of the EIP include the *end-borrowers*. End borrowers may be private investors and companies, local banks, and institutional investors. Ultimately, the beneficiaries are the companies, whether large in size or micro-, small and medium-sized, which are able to obtain loans for investments in agriculture, renewable energy, infrastructure, etc. Through these investments, women, men, and young people will benefit from job creation, and improvement in living conditions.

The key stakeholders that stand behind the plan are *Member States of the European Union*, which finance the External Investment Plan, either indirectly through the EU's budget or through bilateral contributions. In the EFSD Regulation, Member States are defined as "contributors". This category also includes international financial institutions, as well as public institutions and agencies in a Member State, which contributes in cash or in guarantees to the EFSD. A contributor, such as the Bill and Melinda Gates Foundation, also belongs to this category.

EU Member States can influence the EIP through the Strategic Board and the two Operational Boards. In parallel, EU Member States with a presence in partner countries where the EIP/EFSD is implemented, are encouraged to engage at the country level, not least on pillar 3 on investment climate. From an overall perspective, it appears that the potential of EU Member States engaging in the EIP/EFSD is underutilized.

International finance institutions and *national development finance institutions* that have been accredited to the EU through a pillar assessment have a special status. By submitting proposals, they can be awarded guarantees or funding for the proposed programme portfolio, thereby acting in a key role as inter-

mediaries in delivering investments under the EIP. Institutions in this category include the African Development Bank, the European Investment Bank, German KfW, French AFD, and a consortium of 15 European development finance institutions.

Development finance institutions of four Member States engage in the EIP/EFSD, namely the DFIs of Germany, France, Spain and The Netherlands. Although more European DFIs indirectly engage through the Brussels based umbrella organisation, European Development Finance Institutions, the direct engagement of only four European DFIs indicates a limited buy-in across the EU Member States. This is acknowledged by the EIP Secretariat, which encourages more DFIs, including IFU, to be accredited through a pillar assessment. This not only will widen political ownership, but also allow the EIP/EFSD and the successor EFSD+ to better tap into expertise and technical know-how across the European Union.

European civil society organisations and think tanks also play a role as stakeholders. In view of EU's requirements for disclosure and transparency policy, such actors are able to follow the EIP operations on an on-going basis, thereby enabling them to engage in public debates on the way in which the EIP is implemented.

The *European Commission and its EIP secretariat* is the key institution managing the EIP, not as a stakeholder, but as the main actor in ensuring effective roll out of the EIP. In carrying out this role, the Commission draws on EU Delegations in partner countries. *EU Delegations* play a key role in maintaining a dialogue with the governments, not least on issues related to fostering a conducive investment climate, i.e. pillar 3 of the EIP. In addition, the *European Investment Bank* supports the Commission on risk assessments through its participation in the *Technical Assessment Group on Guarantees*.

List the key documentation and sources used for the analysis:

EIP/EFSD documentation, including the EFSD Regulation.

Are additional studies / analytic work needed? How and when will it be done?

No additional studies are needed.

Annex 2 The EIP/EFSD as a Danish partner

The European Commission is overall responsible for managing the EIP and its European Fund for Sustainable Development. In ensuring its management responsibility, the Commission works closely with the EIB, and is supported by a Technical Assessment Group on Guarantees.

The European Commission, including the Directorate-General for International Cooperation and Development (DEVCO) and its EIP Secretariat, has built up an extensive body of experience on the use of innovative financing instruments. DEVCO regularly commissions independent evaluations of its development efforts. For example, external evaluations on the Commission's blended finance activities form the basis for learning lessons and allowing the Commission to consider these lessons when designing new instruments such as the EFSD²⁹.

The EFSD's legal and institutional framework is defined by Regulation EU 2017/1601 of 26 September 2017 (ref. footnote 2), building on the Treaty of the EU, especially Article 209 (1) and Article 212 (2) as well as the European Parliament position of 6.7.2017 and Council Decision of 25.9.2017. Moreover, it consists of the Communication on a new European External Investment Plan of September 14, 2016 and the Communication of a more efficient financial architecture for investments outside the EU and on strengthening the EU's partnerships with Africa: A new Africa-Europe Alliance for sustainable investments and jobs.

The EFSD is overseen by a Strategic Board. The Strategic Board supports the Commission by giving strategic guidance and setting EFSD's overall investment goals, as well as in ensuring an appropriate and diversified geographical and thematic coverage for investment windows. The Strategic Board also supports the coordination, complementarity and coherence between the regional investment platforms, between the three pillars of the EIP, between the EIP and EU's other efforts on migration, and on the implementation of the 2030 Agenda.

The Strategic Board is composed of the following full members:

- ▶ ▶ The European Commission (chair); EU Member States; EIB; European External Action Service (EEAS)

The following can participate as observers:

- ▶ ▶ The European Parliament; Partner countries; Regional stakeholders

The EIP/EFSD has an Africa Investment Platform and a Neighbourhood Investment Platform. Each of the platforms has a regional Operational Board, which supports the Commission on the use of the EFSD, including by defining regional and sectoral investment goals and windows.

The Operational Boards are composed of representatives of:

- ▶ ▶ EU Member States; The European Commission; The European External Action Service
- DFIs and IFIs may participate as observers.

The two Operational Boards typically hold joint meetings, thereby mirroring the meetings of the Strategic Board, which covers all operations under the EIP/EFSD.

The operational administration of the EIP/EFSD is handled by the EIP Secretariat. The Secretariat is hosted within the Commission's Directorate-General for International Cooperation and Development (DEVCO). In addition to DEVCO, staffing and oversight is also provided by the Directorate-General for European Neighbourhood Policy. Denmark mainly liaises with the European Commission and the EIP Secretariat through DEVCO.

²⁹ See Annex 5 for a reference to an external evaluation of the Commission's blended finance experience.

Annex 3 Risk Management Matrix

As stated in the EFSD Regulation, the rationale of the EFSD is that it provides an irrevocable and unconditional guarantee on first demand to the eligible partner institution for financing and investment operations covered by the EFSD.

With the aim of achieving development impact, eligible partner institutions may make use of a wide range of financial instruments. Such a flexible approach is reflected in Article 10 of the EFSD Regulation, which lists the following classes of instruments for which the EFSD Guarantee may be used:

- a) loans, including local currency loans;
- b) guarantees;
- c) counter-guarantees;
- d) capital market instruments;
- e) any other form of funding or credit enhancement, insurance, equity, quasi-equity participations.

The guarantee can be granted in several structures, each implying a different exposure for the EFSD guarantee fund. The most powerful guarantee structure, a first-loss guarantee on a portfolio of assets, can remove the vast majority of risk taken by an eligible counterpart. However, it implies a very high risk to the guarantee fund for which reason the EFSD can only cover a limited number of portfolio first-loss guarantees to ensure that the aggregate exposure of the EFSD guarantee fund remains within the risk-taking capacity of the EFSD. This applies, in particular, if concessional pricing is granted in challenging market environments.

In addition to the financial risks, contextual, programmatic and institutional risks are associated with the implementation of the EIP/EFSD. Key examples of such risks are included in the risk management matrix below.

Contextual risks

Risk factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Limited political support for the continuation of EIP/EFSD	Minor	Major	Outreach and communication on the objectives, scope and results of the EIP	Minor	So far, there are no signs of declining political support to the EIP/EFSD. The EFSD+ is planned to continue in the 2021-2027 MFF
Limited financial contribution from Member States to the EIP/EFSD	Medium	Minor	Contributing Member States to lead the way and, together with the Commission, encourage contributions	Minor	The EIP/EFSD has a financial strength even without bilateral contributions and has attracted a contribution from the Gates Foundation

Programmatic risks

Risk factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Challenges of ensuring additionality	Medium	Medium	Partner institutions submitting proposals are mandated to include in their applica-	Minor	The assessment must address criteria such as economic, financial, social, innovation, and

			tion an additionality assessment		environmental additionality
Weak investment climate and limited bankable projects	Minor	Medium	The integrated approach, using financial (pillar 1), technical (pillar 2) and political (pillar 3) addresses the risk	Medium	Establishing a conducive investment climate can be a long-term endeavour, especially in fragile states
Increased indebtedness	Medium	Major	World Bank and IMF debt sustainability assessment help address the risk	Medium	This risk only applies to a limited number of EFSD partner countries
Insufficient interest from IFIs and development finance institutions	Minor	Major	Maintain present interest and widen the base of potential partner institutions	Minor	Interest so far has been significant
Limited scope for establishing a climate action portfolio of 28%	Minor	Major	Maintain political focus on the climate agenda in Member States and partner countries	Minor	No signs of declining focus on the climate challenge

Institutional risks

Risk factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Challenges in documenting development impact	Medium	Minor	Based on reports from the partner institutions, the Commission will prepare an annual report, which will include an assessment of results	Minor	The long-term nature of the EIP/EFSD investments, combined with methodological issues could make results reporting a challenge
Unable to retain and attract qualified professionals for the EIP Secretariat	Medium	Medium	Maintain a professionally motivating working environment in the Commission, including for seconded national experts	Minor	Loss of key personnel can have a negative impact on the performance of the EIP
Unable to establish an efficient division of labour between the Commission and EIB	Minor	Medium	Involved stakeholders, including Member States, to encourage constructive cooperation.	Minor	Negotiations are expected to lead to a division of labour as part of negotiations on the NDICI

Annex 4 Examples of EIP activities

Below are examples of activities initiated under the three pillars of the External Investment Plan: European Fund for Sustainable Development (pillar 1), technical assistance (pillar 2), and policy dialogue on investment climate (pillar 3). As mentioned in section Chapter 3, section 6, activities under the three pillars are mutually reinforcing.

Pillar 1: European Fund for Sustainable Development

NASIRA Risk-Sharing Facility

NASIRA addresses the high risks, both perceived and real, involved in lending to under-served entrepreneurs in countries neighbouring the EU and in Sub-Saharan Africa. In many of these countries, entrepreneurs have been forced to flee their homes. The risk-sharing facility will offer access to investment loans through local financial institutions, including banks and microfinance institutions. The risk-sharing facility will benefit a cross-section of society than finds it difficult to borrow money at affordable rates. The risk-sharing facility will target young people aged 18 to 35. The facility aims to create or support up to 800,000 jobs. The EFSD guarantee allocated to the risk-sharing facility is at 75 million EUR, which is expected to leverage a total investment in the facility of 500-1.000 million EUR. The facility is managed by the Dutch development bank, FMO.

Boosting Investment in Renewable Energy

The guarantee will help address the perceived risk of private sector power projects and thereby enable renewable energy investments in Sub-Saharan Africa and the EU Neighbourhood region. The guarantee is managed jointly by the European Bank for Reconstruction and Development (EBRD) and the association of European Development Finance Institutions (EDFI). The two institutions will offer guarantees to local banks and private investors that co-finance alongside EBRD and EDFI, thereby introducing new private investors to the renewable energy sector and supporting the transition to a low carbon economy. The guarantee is expected to help cut carbon emissions by an estimated 2-3 million tonnes per year and create additional electricity capacity from renewable energy sources between 1.5-2 GW. The EFSD guarantee is at 100 million EUR, which is expected to mobilize investments of up to 2 billion EUR.

Pillar 2: Technical Assistance

Technical assistance is closely related to pillar 1 and pillar 3. Resources for technical assistance typically comes from the European Commission's national and regional indicative programmes. Often technical assistance is linked to budget support and investment climate reforms.

For example, in Senegal technical assistance is offered to help simplify administrative procedures for the private sector such as tax declaration, tele-payment, and registration of employment contracts. In Angola, technical assistance is provided to staff of local banks to address the obstacles affecting access to finance, including the identification of business proposals and support to infant private sector. In Southern Africa, technical assistance is offered to member states of COMESA in the field of non-tariff barriers by upgrading online monitoring, reporting and resolutions systems, and the creation of one-stop border posts at five border crossings.

Pillar 3: Policy dialogue on investment climate

Actions in support of an enabling investment climate make use of a wide range of tools that are closely interlinked. The tools can be grouped into three main areas: i) investment climate analysis, ii) structured public-private dialogues, and iii) policy dialogue combined with budget support, and capacity building activities.

The structured public-private dialogues are linked to the Sustainable Business for Africa Platform (SB4A), mentioned in Chapter 2, section 1. Concretely, - and as mentioned in Chapter 3, section

4 - the Commission has carried out a number of EIP outreach events during 2019 in countries such as Ghana, Kenya/Somalia, Ethiopia, Tunisia, Cameroon and Angola. The outreach events typically include trade fairs with the private sector, info sessions with government agencies, and working sessions with EU Member States, IFIs and the EU Delegation at country level.

To support activities under pillar 3, the Commission has prepared a “Handbook on improving the Investment Climate”, which gives an overview of Pillar 3 and its building blocks, investment climate drivers and challenges, and of EU tools for improving the investment climate.

Annex 5 Supplementary materials and references

- Addis Ababa Action Agenda, United Nations, July 2015
- The [Treaty of the European Union](#)
- The 2017 European Consensus on Development
- Global Strategy for the EU Foreign and Security Policy
- Regulation (EU) 2017/1601, establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund, 26 September 2017
- Commission Communication: "Towards a more efficient financial architecture for investments outside the European Union", 12 September 2018
- Commission Communication: "A new Africa-Europe Alliance for sustainable investments and jobs", 12 September 2018
- Commission Communication: "Strengthening European Investments for jobs and growth: Towards a second phase of the European Fund for Strategic Investments and a new European External Investment Plan", 14 September 2016
- Commission Communication: "The Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries", 14 May 2014
- Summaries of the EU External Investment Plan: Guarantees - <https://ec.europa.eu/europeaid/sites/devco/files/181213-eip-28-guarantees-brochure-final.pdf>
- EU non-paper: NDICI: Agreement between the COM-EIB on EFSD+ and the External Action Guarantee, 11 April 2019
- Handbook on improving the Investment Climate through EU action, May 2019
- European Commission: Evaluation of Blending, Final Report, December 2016 - https://ec.europa.eu/europeaid/sites/devco/files/evaluation-blending-volume1_en.pdf
- OECD and World Economic Forum: Redesigning Development Finance Initiatives, Blended Finance Vol 1: A primer for Development Finance and Philanthropic Funders, September 2015.
- OECD/DAC Blended Finance Principles, DAC High-Level Meeting 2017.
- Business and Sustainable Development Commission: Better Business, Better World, January 2017.
- UNCTAD: <http://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=194>
- Commission on Business and Sustainable Development: <http://www.undp.org/content/undp/en/home/blog/2017/7/13/What-kind-of-blender-do-we-need-to-finance-the-SDGs-.html>
- OECD/DAC: Global Outlook on Financing for Sustainable Development 2019, OECD 2018
- World Economic Forum: From Funding to Financing: Addressing the Development Finance Challenge, January 2019
- Danish Institute for International Studies: Can the SDGs in low-income countries be financed? DIIS Working Paper 2019:2
- G20 Eminent Persons Group on Global Financial Governance: Making the global financial system work for all, October 2018
- The EU's Financial Architecture for External Investment: Progress, Challenges, and Options, CDG Policy Paper, January 2019
- Overseas Development Institute: Supporting Economic Transformation - Measuring the potential contribution of development finance institutions to economic transformation, September 2018
- Overseas Development Institute: Blended finance in the poorest countries: the need for a better approach, April 2019

- Appraisal of the Danish EFSD engagement, Appraisal Report, 20 August 2019.

Annex 6 Process Action Plan

Tentative Time Line	Activity	Documentation	Responsible
18 December 2018	Presentation of Concept Note to Programme Committee	Concept Note	VBE
March-April 2019	Dialogue with EIP Secretariat in the European Commission	Draft document	VBE/COM
April-May 2019	Drafting of Project Document and Annexes, taking into account comments from Programme Committee meeting.	Minutes from meeting	VBE
April-May 2019	Internal consultation with UPF, MKL and HMC on draft Project Document	Draft Project Document	VBE
7 May 2019	Dead line for submitting draft project document to the Programme Committee	Draft Project Document	VBE
15 May 2019	Discussion in Programme Committee	Draft Project Document	VBE
29 May 2019	Final draft Project Document with Annexes sent to KFU for appraisal	Final draft Project Document with Annexes	VBE
3 - 21 June 2019	Appraisal of Project Document	Appraisal	KFU/COM
Late July 2019	Posting of vacancy announcement for the seconded national expert (SNE)	Job description / vacancy announcement	VBE/COM
23 August 2019	Dead line for submission of Project Document and appropriation cover to KFU for the Council for Development Policy	Documents	BVB
2 September 2019	Dead line for application on SNE position	Applications	BVB
11 September 2019	Council for Development Policy	Minutes from meeting	KFU
11 September 2019	Contribution to Minutes	Draft contribution	BVB
13 September 2019 (t)	Presentation to the Minister for Development Cooperation	Presentation	KFU
12 September 2019	Dead line for Finance Committee document	Act document	BVB
2 October 2019	Dead line for submission to Parliamentary Finance Committee	Act document	UPF
10 October 2019	Treatment by Parliamentary Finance Committee	Act document	UPF

18 October 2019 (t)	Signing of Transfer Agreement with the European Commission	Transfer Agreement	BVB/COM
End October 2019	Disbursement to European Commission	Disbursement	BVB
End October 2019	Interviews and hiring of the SNE	Applications	BVB/COM

Annex 7 Quality Assurance Checklist – recommendations from appraisal

Title of (Country) Programme	European Fund for Sustainable Development (EFSD). DKK 75 million (BVB)
File number/F2 reference	2019-31626 (2017-41166)
Appraisal report date	20 August 2019
Council for Development Policy meeting date	11 September 2019 (as pr. PAP of PRODOC of May 2019)
Summary of possible recommendations not followed (to be filled in by the responsible unit) All recommendations are duly noted and will be followed up.	
Overall conclusion of the appraisal The overall conclusion of the appraisal is that the proposed contribution to the engagement is recommended for presentation to Denmark's Council for Development Policy (UPR) taking the recommendations of this report into consideration. The appraisal prompted a total of seven (7) recommendations (RECs) as well as a series of lower level suggestions.	
Recommendations by the appraisal team	Follow up by the responsible unit
The preparatory process and project documentation	
REC 1. Make reference to DEVCO's previous results and experience as documented in the external evaluations of DEVCO's blended finance programs.	References to DEVCO's external evaluations have been included in the PRODOC, para. 3.5, Annex 2 and Annex 5.
Policy and strategy frameworks	
REC 2. In a subsequent engagement (e.g. an EFSD+), Denmark to work towards increasing the present EFSD 28% target towards climate friendly investments.	Follow up initiated in the context of the ongoing negotiations on EFSD+.
REC 3. Monitoring climate related progress under EFSD to be a core aspect of the TOR for the SNE.	Recommendation has been included in the vacancy announcement (job description), which was posted on 30 July 2019.
REC 4. MFA (BVB) to closely monitor – and if necessary facilitate – the ongoing EU pillar accreditation of IFU with a view to have it finalised by no later than end of 2019.	MFA has been – and will continue to be in close dialogue with IFU regarding the pillar assessment, offering assistance as needed.
Theory of change, objectives and results framework	
REC 5. Update the draft results framework in the draft PRODOC with the final version.	Done.

Management, reporting and monitoring	
REC 6. Denmark to prioritise the evaluation of the EFSD due by the end of 2019 by e.g. a) provision of comments to evaluation TOR, and/or b) involvement of MFA.	Will be prioritised, and opportunities for involvement pursued.
Issues specific to the TOR of this appraisal	
REC 7. Denmark to undertake a midterm review of the EFSD in 2021. The SNE could support this effort.	The recommendation is duly noted. It will be considered how and when to follow up, possibly involving the SNE.

I hereby confirm that the above-mentioned issues have been addressed properly as part of the appraisal and that the appraisal team has provided the recommendations stated above.

Signed electronically by e-mail/F2 file on the 20 August 2019 by Henrik Vistisen, Appraisal Team leader/TQS representative.

I hereby confirm that the responsible unit has undertaken the follow-up activities stated above. In cases where recommendations have not been accepted, reasons for this are given either in the table or in the notes enclosed.

Signed by...Ole Thonke.....on the.....23 August 2019.....
Head of Department

Annex 8 Results Measurement Framework

Building on a well-established practise in blended finance operations, an EFSD Guarantee Results Framework has been developed. The Results Measurement Framework was developed in the form of a concept note by EU's working group on Blending in External Cooperation (EU-BEC) and agreed with EU Member States and with involved financial institutions³⁰.

The stipulations of the Results Framework concept note are to be transposed into the EFSD guarantee agreements with partner institutions, so that result/outcome/impact reporting obligations are passed on to the lead financial institutions and their partner institutions at national level.

When submitting proposals, partner institutions are required to elaborate on the expected results of the proposed programme portfolio. Elaboration on expected results is to be included in the Application Form, stating outputs and outcomes with related programme specific indicators.

In addition, and subject to the specific objectives of the programme, a selection of the following cross-sector indicators are to be included:

- Total number of beneficiaries
- Number of beneficiaries living below the poverty line
- Greenhouse gas emissions impact
- Direct employment (construction phase)
- Direct employment (operations and maintenance)

While the overall results framework is still under development, the results frameworks of the selected partner institutions give an indication of expected results, both in terms of leveraged investment capital, and of outcomes, such as jobs being created and greenhouse gas emissions being reduced or avoided. These two results indicators are of particular importance to Denmark.

With regard to the objective of creating synergies between the EIP/EFSD and Danish expertise, the following results framework has been set up:

Objective		Danish contribution serves to create synergies between EFSD investments and Danish expertise. Synergies will be pursued by engaging the Danish development finance institution, IFU, through pillar accreditation to the EU
Impact Indicator		Dialogue between the European Commission and Denmark on engagement of Danish expertise
Baseline	2019	No dialogue
Target	2021	Dialogue
Output 1.1		EU accreditation of IFU through a pillar assessment
Output indicator 1.1		Pillar assessment successfully completed and approved
Baseline	January 2019	Pillar assessment not initiated
Target	Early 2020	Pillar assessment approved
Output 1.2		A Proposed Investment Programme prepared by IFU.
Output indicator 1.2		A Proposed Investment Programme submitted by IFU to the EFSD
Baseline	End of 2019	No Proposed Investment Programme submitted
Target	End of 2021	A Proposed Investment Programme submitted

The above indicators and the results measurement framework will be further developed when proposed investment programmes have proceeded into the implementation phase.

³⁰ The Results Measurement Framework is attached in full as Annex 8.1 below.

At input level, the leverage factor of 1 : 11 in terms of mobilized capital for investments in developing countries is a major success criteria in EIP's results paradigm. While the estimated leverage factor has already reached this level, the Commission will monitor the level of total investments as the programmes are rolled out.

As mentioned in Chapter 6, the Commission must submit annual report to European Parliament, the EU Council, and the EFSD Operational Boards, in which Denmark is a full member. Thereby, Denmark will be able to monitoring the results of the EIP/EFSD to which Denmark contributes. Additional informal updates could be received from the seconded national expert.

Annex 8.1 Results Measurement Framework

The External Investment Plan/European Fund for Sustainable Development

Concept Note

1. Background

On 14 September 2016 the European Commission launched the External Investment Plan (EIP) and with the adoption of the EFSD Regulation in September 2017³¹, the EIP became operational. The EIP aims to support investments in the European Neighbourhood and Africa as a means of contributing to the achievement of the Sustainable Development Goals (SDGs) alongside with the implementation of the UN Paris Agreement on climate change, and thus tackling some of the root causes of migration. It provides for the first time a specific, coherent overall framework to promote investment, leveraging funds from the EU, its Member States and other donors and financing from public Financing Institutions (FIs) and the private sector.

The EIP proposes an integrated approach for promoting investments in EU partner countries in Africa and the Neighbourhood, building on 3 pillars:

Pillar 1 is the new European Fund for Sustainable Development (EFSD). It is composed of two regional investment platforms – the Africa Investment Platform and the Neighbourhood Investment Platform. The platforms will combine the existing regional Blending Investment Facilities, with an indicative budget of EUR 2.6 billion, in addition to the new EFSD Guarantee instrument of EUR 1.5 billion. Together, both instruments are expected to leverage more than EUR 44 billion of investments by 2020.

Pillar 2 will scale up technical assistance both at project level and at a broader level, to help develop bankable projects, as well as to assist in the improvement of the business and investment climate in our partner countries.

Pillar 3 will promote a multi-level approach to improve the investment climate in our partner countries, through structured dialogue with the private sector (at country, sector and strategic levels) and political and policy dialogues with partner governments, with the EU Delegations in the lead.

The success of the EIP will be demonstrated by its capacity in mobilising investments to support inclusive and sustainable growth, in line with the 2030 Agenda and the Paris Climate Agreement, and to create decent and sustainable jobs in our partner countries in Africa and the Neighbourhood, thus contributing to fighting some of the root causes of migration.

In this sense, the new EFSD Guarantee has been conceived as a powerful financial instrument, to support sustainable investments, crowding in private sector, with a focus on fragile, conflict and violence-

³¹ http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2017.249.01.0001.01.ENG

affected, landlocked countries and the least developed countries where investments are crucial but most difficult to make. In this framework, the additionality of supported operations³² is essential.

The Concept Note describes the EFSD Result Measurement Framework, which is based on existing modalities and practices of result measurement for blending operations. Additional features and elements have been added in order to comply with the EFSD Regulation and to better reflect the new guarantee instrument.

The EFSD Regulation envisages a reporting, accounting and evaluation for the EFSD.

2. The EFSD reporting requirements

The EFSD includes the new guarantee instrument and the blending operations. It is composed of two platforms, the *Africa Investment Platform* and the *Neighbourhood Investment Platform*³³.

According to the EFSD Regulation, the Commission shall submit an annual report to the European Parliament and to the Council on the financing and investment operations covered by the EFSD Guarantee. The reporting obligations include both *financial data* and *operational results*.

2.1 Financial reporting

As far as financial data are concerned, the Commission service in charge of the financial management of the EFSD Guarantee will also be in charge of gathering and reporting on data related to the overall financial performance of the instrument and the relevant exposure for the EU budget. With the support of the Guarantee Technical Assessment Group (GTAG) the Commission monitoring and reporting shall include (but will not be limited to) the following set of data:

- aggregated data for the EFSD Guarantee: disbursements, overall leveraged investments, sector and regional distribution.
- financial data related to operations: allocations, disbursements, expected/actual leverage, mobilised investments, climate relevant finance (based on Rio Markers), and other financial information (based on relevant markers) as appropriate.

2.2 Operational reporting on results

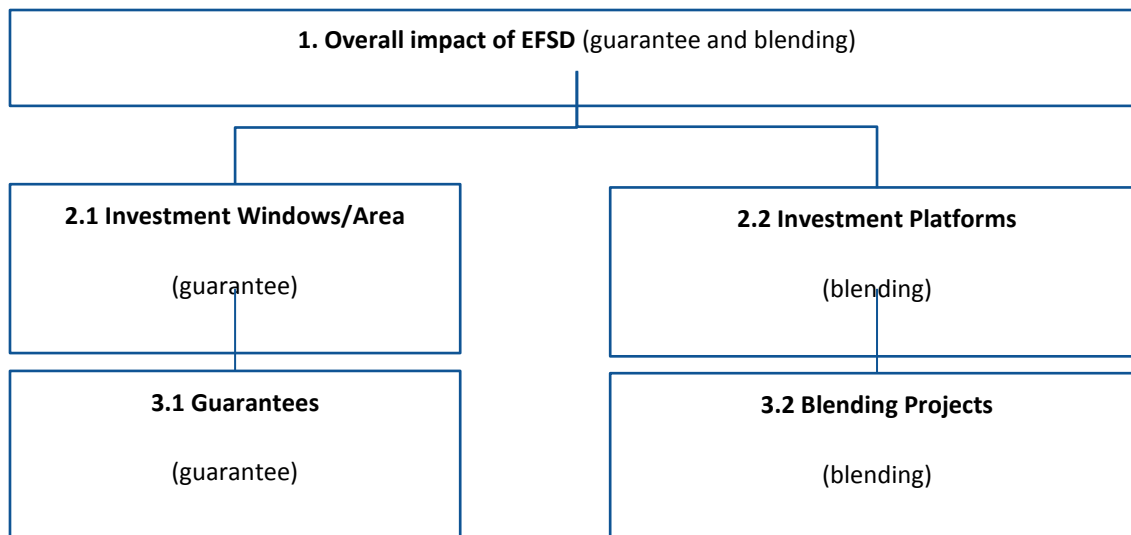
The EFSD Regulation indicates the report shall also include an "*assessment of the results contributing to the purpose and objectives of the EFSD as set out in Article 3 and Article 9(1) and (2), respectively*" of the EFSD Regulation.

The operational results measurement framework will cover three levels:

1. EFSD level - EFSD as a whole including both the guarantee and blending operations;
2. Instrument level - Investment Windows/Area (guarantee) and Investment Platforms (blending)
3. Operation level - Guarantees and Projects (blending)

³² Additionality is defined in terms of how the inclusion of EU financial support leads to additional benefits, in that it (i) makes a difference between a project going ahead or being blocked; and/or (ii) improves a project's design, quality, timing, sustainability, innovation, impact and/or scale.

³³ These two Platforms were created through two Commission Decisions to bring the previously existing African Investment Facility and Neighbourhood Investment Facility in line with the EFSD Regulation.



2.3 Overall impact of ESFD

The first level of the Results Measurement Framework level will focus on impact indicators, defined around the objectives of the EFSD as indicated in Article 9 of the EFSD Regulation. As Article 3 applies to the entire EFSD, it includes also the blending operations, which will thus need to be included in the reporting. The main objectives are defined as:

- contributing to the achievement of the SDGs;
- generating inclusive and sustainable growth;
- creating decent jobs;
- promoting gender equality and the empowerment of women and young people;
- a positive impact on climate change, contributing to the long-term objectives of the Paris Agreement and its implementation;
- contributing to poverty eradication; and
- addressing some of the root causes of (irregular) migration, fostering the sustainable re-integration of migrants returning to their countries of origin, and strengthening transit and host communities.

Examples of impact indicators measuring the ESFD's overall contribution to the main objectives can be found in Annex 1. This list is largely drawn from SDG indicators and will be further elaborated in due course.

These indicators reflect the development progress in partner countries, achieved through the collective action of partner countries with support from the EFSD and other donors and actors. As these indicators are high level indicators, they will measure progress in the attainment of the SDGs in partner countries that the EFSD (and the EIP) has contributed to.

In line with the EFSD objectives, the results measurement framework aims to present data disaggregated by sex and age (15-30 years) as a minimum, and in line with the developmental objectives of the particular Guarantees and Blending Projects whenever possible, relevant and cost effective.

The EIP Secretariat will be responsible for collecting data on the agreed indicators, based on relevant existing sources and reports.

2.4 The Investment Windows/Areas and Investment Platforms

The second level of the Results Measurement Framework includes the Investment Windows/Areas of the EFSD Guarantee as well as the blending operations through the two Investment Platforms.

The Strategic and Operational Boards of the EIP have endorsed five Investment Windows³⁴: (i) Sustainable energy and connectivity; (ii) Micro, Small and Medium-sized Enterprises (MSMEs) financing; (iii) Sustainable agriculture, rural entrepreneurs and agribusiness; (iv) Sustainable cities, and (v) Digital for development.

The Investment Window documents that were presented to the first EFSD Joint Operational Board contained the indicators agreed upon by the IFIs and MS experts, in the context of the EU Platform for Blending in External Cooperation (EUBEC), with the understanding that additional/revised indicators are required due to the inclusion of new types of activities and sectors.

The reporting at this level will be based on:

- cross-sector indicators in the framework of the EUBEC and applicable to all windows and sectors. They will be aggregated across relevant portfolio investments to provide a snapshot of key results, giving a broad overview of progress within each Investment Window/Area and across the Regional Investment Platforms. It is acknowledged, however, that international debates are still on going on the methodologies to be applied for some of these indicators, therefore Financial institutions are asked to indicate the method they have preferred/used.

- updated core sector indicators covering relevant priorities established in the EFSD Investment Windows/Areas and Regional Investment Platforms. The list of core indicators agreed in the framework of the EUBEC has provided the Commission and FIs with a toolbox to be utilised when designing, assessing and monitoring a blending operation. This list is now updated in order to be coherent with the comprehensive purpose and set of objectives of the EFSD.

The EIP Secretariat will be the responsible body for reporting at this level by aggregating the results of all Guarantees and the results from all blending projects belonging to the two Investment Platforms, which will be reported by each lead counterpart. The monitoring and reporting of results at Guarantee and Blending Project level will be under the responsibility of the lead counterparts

2.5 Guarantees/Blending Project

The third level comprises the Guarantee and the Blending Projects.

The updated list of indicators in Annex 2 is an indicative list from which FIs are required to select at least one core sector indicator as relevant (for guarantees: this might include indicators from other Investment Windows). In addition, Guarantees and Blending Projects could include relevant additional indicators (not included in this list) to measure results specific to each intervention. Both qualitative and quantitative indicators relevant to the developmental objectives of the contract and/or application form should be considered. These additional indicators should be chosen from the revised EU Results Framework³⁵ and/or the internationally agreed sector indicators (DEVCO sector indicator guidance notes/tools available³⁶)

Guarantees

At Guarantee level, the reporting on results (output and outcomes) will be the responsibility of the lead counterpart, which is expected to consolidate information that presents accurate and timely monitoring of the portfolio investment on at least an annual basis³⁷, as per the reporting requirement of the EFSD Regulation.

³⁴ COM(2017) 7899 final, 23.11.2017

³⁵ <http://ec.europa.eu/transparency/regdoc/rep/10102/2018/EN/SWD-2018-444-F1-EN-MAIN-PART-1.PDF>

³⁶ please see <https://europa.eu/capacity4dev/eu-rfi> for the level 2 indicator methodology notes for the EU Results Framework

³⁷ As a general rule, annual reporting is expected for output indicators (up to project completion), while reporting for outcome indicators takes place at the end of the project, as well as at project completion.

This should include information on both expected and actual results, to assess progress towards targets, and may require collection and quality assurance of data from downstream partners where relevant. It will be possible to use technical assistance for the purpose of raising awareness and training of the downstream partners on the importance of collecting data disaggregated e.g. by sex and age.

Progress and final reports transmitted by the lead financial institution to the Commission will have to include information on the expected and actual results (i.e. at the time of reporting), as defined in the relevant contract and/or application form. Reporting on the expected and actual results should include relevant disaggregations of data whenever possible and relevant, e.g. for beneficiaries that are people: disaggregation by sex, age, location, income/poverty levels; for beneficiaries that are firms: disaggregation by size of firm, sex/age of firm owner, location of firm; etc. Where disaggregation is relevant, but it is not yet possible or cost-effective for monitoring and reporting, then tangible efforts should be made to improve tracking and reporting in the future.

All results should also be disaggregated by at least country of operations.

Lead FIs are expected to track and report of relevant indicators both for “direct”³⁸ and “indirect”³⁹ operations. However, the Commission acknowledges that reporting results for indirect operations poses a greater challenge, especially if reporting capacities of financial intermediaries are low. In these cases, the lead FI should consider options such as technical and other assistance to the financial intermediaries to improve relevant monitoring and reporting, including on disaggregation.

Lead FIs should have a sound understanding of the methodologies underlying the data (numbers or other) they report on, including an assessment of the reliability of the data (for example on any possibility of over- or under-reporting of results); and where needed respond to further enquiries from the Commission on methodologies/data reliability if this is required for the process of accurate and timely aggregation of operational results for reporting to the European Parliament and the Council.

Blending Projects

Blending operations are covered by the 2012 *EU Regulation on financial rules applicable for the EU general budget*⁴⁰ and by the 2014 *Regulation on Common rules and procedures for the implementation of the Union's instruments for financing external action*⁴¹. Stemming from these legal frameworks, the *Guidelines on EU Blending Operations*⁴² set out rules and procedures for assessing, implementing, monitoring and evaluating blending projects. The Guidelines summarise the key features, modalities and operational aspects of blending, and provide technical guidance on blending operations implemented within the 2014-2020 Multi Annual Financial Framework (MFF).

According to the Guidelines, the lead financial institution in a given blending operation is responsible to perform all the relevant actions for monitoring and reporting purposes, in accordance with the specific contractual provisions of the respective delegation agreement or the memorandum of understanding on a framework agreement. While responsibility for project monitoring lies with the entrusted entity, the Commission remains accountable for the use of EU funds and follows progress of the project based on the information provided in the lead financial institution's reports.

Interim progress and final reports transmitted by the lead financial institution to the Commission will have to include information on the expected and actual results (i.e. at the time of reporting), as defined in the relevant contract and/or application form.

³⁸ “Direct operations” are understood to be operations that the FIs deliver directly (i.e.: not through financial intermediaries).

³⁹ “Indirect operations” are operations that the FIs deliver through financial intermediaries such as banks, micro-finance institutions, and private equity and investment funds.

⁴⁰ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002

⁴¹ http://ec.europa.eu/budget/library/biblio/documents/2016/Financial_regulation2016_en.pdf

⁴² https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/financial_assistance/ipa/2014/236-2014_cir.pdf

⁴² <https://europa.eu/capacity4dev/t-and-m-series/document/guidelines-eu-blending-operations>

Annex 1 - Overall impact of the EFSD

The EFSD (as well as the wider framework of the EIP) will contribute to the achievement of the SDGs in our partner countries, as well as to the implementation of the UN Paris Agreement on Climate Change. In the below table some indicators are listed that could be used to measure the overall objectives of the EIP and the EFSD.

The indicators are drawn as much as possible from the list of SDG indicators and they are intended to measure the development progress that the EFSD (and the EIP) has contributed to.

The EIP Secretariat will be responsible for collecting data on the selected indicators. The existing data will be based on internationally available sources.

EFSD objectives (with associated primary SDG)	<i>Examples</i> of indicators*
Generating inclusive and sustainable economic growth (SDG 8)	SDG 8.1.1 Annual growth rate of real GDP per capita
Creation of decent jobs (SDG 8)	SDG 1.1.1 Proportion of employed people below the international poverty line SDG 8.5.2 Unemployment rate, by sex, age and persons with disabilities
Promoting gender equality and the empowerment of women (SDG 5) and young people	SDG 8.6.1 Proportion of youth (aged 15-24 years) not in education, employment or training SDG 5.1.1 Proportion of seats held by women in national parliaments
Positive impact on climate change (SDG 13 and multiple SDGs 2 and 7)	SDG 13.1.1 Number of deaths attributed to disasters per 100,000 population SDG 7.2.1 Renewable energy share in the total final energy consumption SDG 9.4.1 CO ₂ emission per unit of value added
Contributing to poverty eradication (SDG 1 and SDG 10)	SDG 1.1.1 Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural) SDG 10.1.1 Growth rates of household expenditure or income per capita among the bottom 40 percent of the population and the total population
Addressing root causes of (irregular) migration, fostering sustainable development (multiple SDGs 10 and 13)	Narrative of the links between above objectives and efforts to address root causes of irregular migration

* associated with the objective that the indicators will primarily measure

Annex 2 Cross sector indicators

Indicators	Unit	Type	Definition and comments	Frequency of reporting
Total number of beneficiaries	#	Output	Estimated number of people with improved access to services. Definition provided in the sector tables below. Disaggregated by sex and age.	
Number of beneficiaries living below the poverty line	#	Output	Sub-group of total beneficiaries indicated in the core sector indicators (if applicable). The reference line to be used, e.g. national or international definitions of poverty, should be indicated). Disaggregated by sex and age.	Annually
Number of direct FTE jobs supported and/or sustained disaggregated by sex and age	# (FTE)	Output or outcome	Number of full-time equivalent (FTE) jobs supported or sustained directly by the investment or within investee enterprises reached by the investments. Please use the local definition of “full-time equivalent”. Seasonal, contractual and part-time jobs may be included, but these need to be converted to FTE on a pro-rata basis. The number of FTE employees within the relevant reporting can be used to a proxy to the number of jobs. When reporting for multiple years, please be careful to avoid double counting of the same job supported over the reporting period by the same investment. For infrastructure projects, this may include construction jobs supported for construction of the company or project’s hard asset during the reporting period, as well as jobs during the operations and maintenance phase. For MSME financing, this may include direct jobs supported/sustained in the financial intermediaries as well direct jobs supported/sustained in the supported MSMEs by the investment.	Annually
Number of indirect FTE jobs supported	# (FTE)	Outcome	Definitions and methodology as used by lead IFIs, who should provide exact details in the application form, and where possible in a form of a methodology note.	Start and end of the project

Amount of greenhouse gas emissions induced, avoided, reduced or sequestered per year.	CO2 tons e / year	Outcome	<p>Average amount of GHG emissions induced, avoided, reduced or sequestered per year by the project during its lifetime or for a typical year of operation: net balance between gross emissions and emissions that would occur in a baseline or business as usual scenario</p> <p>The business as usual scenario should be as accurate as possible based on realistic assumptions allowable within the local legislation/context. The assumptions should be clearly stated. If in doubt, choose more conservative assumptions.</p> <p>End of project estimates should include assumption reflecting the realities of the project, e.g. in terms of the infrastructure that are actually built/in operation, processes implemented, etc. Any assumptions made at the start of the project that were subsequently deemed biased, incompletely or otherwise inaccurate should be corrected for the estimation at the end of the project.</p>	Start and end of the project
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Annex 3 Core indicators

3.1 - Core indicators for MSME financing and private sector development (for aggregation at Investment Window and/or Platform level)

Expected results ⁴³	Indicators (indicator source below)	Unit	Type	Definition and comments	Frequency of reporting
1) Increased mobilisation of private sector capital invested in MSMEs [by type of investment - guarantees/blending]	<p>1.1 Leverage ratios as measured by:</p> <p>a) investment leverage ratio</p> <p>b) total FI financing leverage ratio</p> <p>c) private financing leverage ratio.</p> <p>EU Results Framework (RF)</p>	Currency	n/a	<p>a) total portfolio costs/EFSD guarantee</p> <p>b) total FI financing/EFSD guarantee</p> <p>c) private sector financing (loan, equity, mezzanine, guarantee)/EFSD guarantee</p> <p>The EIP secretariat will use financial information to calculate these indicators centrally;</p> <p>ex-ante estimates will be based on the application forms.</p>	Start of the project (via application form) and end of project
2) Increased availability of appropriate	2.1 Volume of new loans made available to financial intermediaries (e.g. banks, microfinance institutions, funds), disaggregated by sex,	Currency	Output	Volume of credit lines/guarantees/capital investment extended to financial intermediaries for onward lending or provision of other financial services (e.g. savings, micro insurance) to MSMEs and individuals supported	Annually

⁴³ As per envisaged impact of the EFSD Investment Window Document.

products and financial services for MSMEs	age (15-30 years) and regions where relevant. EUBEC 4.3			by the investment. The sector of the lending/financial service provision should be specified at the project level.	
	2.2 Amount of outstanding loans and other sources of financing to relevant target group, disaggregated by sex, age (15-30 years) and regions where relevant. EUBEC 4.2 & 4.5	Currency	Output/ outcome	Amount of outstanding loans/investments (in the portfolio of the relevant financial intermediaries for indirect operations) at the end of their fiscal year supported by the investment.	Annually
	2.2.1 Volume of new loans and other sources of financing to relevant target group, disaggregated by sex, age (15-30 years) and regions where relevant.	Currency	Output/ outcome	Annual volume of new loans/investments disbursed/made (in the portfolio of the relevant financial intermediaries for indirect operations) during their fiscal year supported by the investment.	Annually
	2.3.1 Access to finance: number of loans served among relevant target group, disaggregated by sex and age (15-30 years) and regions where relevant.	Number	Output/ outcome	Number of outstanding loans/investments (in the portfolio of the relevant financial intermediaries for indirect operations) at the end of their fiscal year and annual number of new loans/investments disbursed/made during the year.	Annually
	2.3.2 Access to finance: number of MSMEs provided with access to loans and other financial services, disaggregated by sex and age (15-30 years) and regions where relevant.	Number	Output/ outcome	Number of new MSMEs provided with access to loans and other financial services (e.g. savings/deposit, insurance); MSMEs with multiple loans or financial services should only be counted once.	Annually
3) Increased access	Indicator 2.3 above				See above

and use of financial services for MSMEs, including for remote regions and in particular for women and youth entrepreneurs	Cross-sector indicator 1 - Number of beneficiaries, disaggregated by sex, age (15-30 years) and regions where relevant. EUBEC 7.1	Number	Output/ outcome	Assumes one MSME is one beneficiary, e.g. number of MSMEs with improved access to financial services with investment support. Sex and age of the MSME owners should be used for the disaggregation.	Annually
4) Increased use of resource-efficient and climate-smart technologies and processes limiting the effects of climate change and increasing resilience	4.1 Number of MSMEs reporting the adoption of green/ sustainable production practices, processes and equipment, disaggregated by adoption of new SCP practices. EU RF	Number	Output/ outcome	Working definition of SCP: "the production and use of services and related products, which respond to basic needs and bring a better quality of life while minimising the use of natural resources and toxic materials as well as the emissions of waste and pollutants over the life cycle of the service or product so as not to jeopardise the needs of future generations". (Oslo Symposium, 1994). This includes e.g. the production of clean energy, the manufacturing of recycled goods, products that are certified in accordance with sustainability standards, etc. For further clarifications on SCP concepts, see: http://sustainabledevelopment.un.org/content/documents/945ABC_ENGLISH.pdf Support to existing green MSMEs can also be included, as well as those MSMEs adopting new SCP practices.	Annually where possible, otherwise start and end of the project (for portfolios that include several projects, end of each individual project)
5) Innovative and more inclusive business models are scaled up (e.g. social enterprises and cooperatives)	5.1 Number of cooperatives and/or social enterprises supported. Other	Number	Output/ outcome	Number of cooperatives and social enterprises served by the initiatives.	Annually
	5.2 Disaggregation of 2.2 Amount of outstanding loans and other sources of financing to cooperatives and/or social enterprises. EUBEC 4.2 & 4.5 disaggregation	Currency	Output/ outcome	Amount of outstanding loans/investments (in the portfolio of the relevant financial intermediaries for indirect operations) at the end of their fiscal year and annual volume of new loans/investments disbursed/made during the year to cooperatives and social enterprises.	Annually

	5.3 Number of jobs sustained (resulting from the project). EUBEC 4.7	FTE		Number of full-time equivalent employees at the end of the reporting period. Includes full-time equivalent worked by seasonal, contractual and part-time employees. Part-time jobs are converted to full-time equivalent jobs on a pro-rata basis.	Annually
6) Increased women and youth (15-30 years) entrepreneurs	6.1 Disaggregation of 2.2 Amount of outstanding loans and other sources of financing to women and/or youth, disaggregated by women and youth (15-30 years) EUBEC 4.2 & 4.5 disaggregation	Currency	Outcome	Amount of outstanding loans/investments in the portfolio of relevant financial intermediaries at the end of their fiscal year and annual volume. of new loans/investments disbursed/made during the year to women and/or youth. To be disaggregated by sex and age.	Annually
	6.2 Disaggregation of 7.3 Number of women and youth owned MSMEs reporting increased turnover (as a result of direct support of the investment), disaggregated by women and youth (15-30 years) EUBEC 4.6 disaggregation	Number	Outcome	Number of MSMEs receiving direct assistance from the FI that have increased the volume of their turnover. To be disaggregated by sex and age MSME owners.	Start and end of the project - (for portfolios that include several projects, end of each individual project)
7) MSMEs are more integrated into global and regional value chains	7.1 Number of firms supported by the investment that meet standards and technical requirements DEVCO Sector Indicator Guidance	Number	Output/ outcome	Specify elements of the Quality Infrastructure (QI) system targeted for improvement and outline how this would enhance market access. This includes e.g. certifications, accreditations, approval or recognition of conformity schemes, including ISO, voluntary standards/codes of conduct/audit protocol, such as Fair Trade or Global GAP, EU List of approved third country processing establishments for animal products, etc.	Annually
	7.2 Number of firms that utilise business development services, disaggregated by sex and age (15-30)	Number	Output/ outcome	Business development services (BDS) are provided by public and private suppliers to MSMEs who use them to increase their operating efficiency and grow their busi-	Annually

	<p>years) of owner</p> <p>DEVCO Sector Indicator Guidance</p>			<p>nesses.</p> <p>BDS cover a wide range of non-financial services, e.g. training, technical assistance, advisory services, policy and advocacy support,</p> <p>marketing assistance, market access services, infrastructure services, promoting business linkages, support for technology and product development, etc.</p> <p>BDS are designed to serve individual businesses, as opposed to the larger business community.</p> <p>The quality of the BDS provided depends on the context: either to adhere to local quality standards (where they exist) or the project quality specifications (agreed prior to the start of the project) – i.e. to be considered at project level.</p>	
	<p>7.3 Number of MSMEs reporting increased turnover</p> <p>(as a result of direct support of the investment), disaggregated by sex, age (15-30) of MSME owner.</p> <p>EUBEC 4.6</p>	Number	Outcome	<p>Number of MSMEs receiving direct assistance from the FI that have increased the volume of their turnover.</p>	<p>Start and end of the project - (for portfolios that include several projects, end of each individual project)</p>
	<p>7.4 Number of assisted enterprises that report an increase in their international trade flows.</p>	Number	Outcome	<p>Number of supported MSMEs that report an increase in their international trade flows.</p>	<p>Annually where possible, otherwise start and end of the project - (for portfolios that include several projects, end of each individual project).</p>

3.2 Core indicators for energy/connectivity/water (for aggregation at Investment Window and/or Platform level)

Expected results ⁴⁴	Indicators	Unit	Type	Definition and comments	Frequency of reporting
1) Increased and improved access to affordable, reliable, sustainable and modern energy and improving quality of life	1.1 Length of transmission lines constructed or upgraded with EU support EUBEC 1.1	Km	Output	The total linear kilometres of new, reconstructed, rehabilitated, or upgraded <i>transmission lines</i> that have been commissioned with EU support. Follow the local definition of 'power transmission line'. Where local definitions do not exist, any line with a voltage equal or higher than 33 KV can be considered transmission.	Annually
	1.2 Length of distribution lines constructed or upgraded with EU support. EUBEC 1.1	Km	Output	The total linear kilometres of new, reconstructed, rehabilitated, or upgraded <i>distribution lines</i> that have been commissioned with EU support. Follow the local definition of power distribution line. Where local definitions do not exist, any line with a voltage below 33 KV can be considered distribution.	Annually
	1.3 Number of people with new or improved access to electricity, disaggregated by sex and age (15-30 years). EUBEC 1.5 based on people rather than households.	Number	Outcome	<u>Additional</u> number of people with access to electricity through new or improved household connections supported by the project Definition of 'improved access': a connection will be considered as improved when its classification in the multi-tier matrix developed by the World Bank (ESMAP) for measuring access to household electricity supply has been moved into a higher category with investment support. Number of people reached could be estimated by the average number of people per household multiplied by the number of household connection. The average number of people per household should be project level information or a suitable survey that reflects the target population, e.g. a	Annually where possible, otherwise start and end of the project - (for portfolios that include several projects, end of each individual project)

⁴⁴ As per envisaged impact of the EFSD Investment Window.

				district/regional survey. National surveys should only be used as a last resort.	
2) Increased renewable energy generation capacity installed	2.1 Additional renewable generation capacity installed, disaggregated by urban and rural. EUBEC 1.4	MW	Output	Additional (new, reconstructed, rehabilitated, or upgraded) renewable generation capacity (hydro, solar, wind, geothermal, organic waste, sustainability biomass) installed as a result of project. Both on and off grid renewable generation capacity can be included.	Annually
	2.2 Additional electricity production from renewable sources, disaggregated by urban and rural. EUBEC 1.7	GWh/year	Outcome	Total net annual average electricity energy generated by project from renewable sources independently from maximum capacity.	Start and end of the project - (for portfolios that include several projects, end of each individual project)
3) More efficient and rational use of energy resources, including energy efficient appliances	3.1 Number of people provided with access to clean cooking systems and fuel. EC	Number	Outcome	Additional number of people using at least tier 3 solid biomass improved cooking stoves or biogas cookers or LPG/Ethanol cookers or cookers using renewable sources.	Annually
	3.2 Energy savings as a result of energy efficiency measures. EUBEC 1.8	GWh/year	Outcome	Energy saved by the direct actions of the project, as compared to the energy that would have been consumed under a “business as usual” scenario.	Start and end of the project - (for portfolios that include several projects, end of each individual project)

4) Reduced local pollution and greenhouse gases emissions, improving public health and environmental quality and helping countries to achieve their international climate change pledges	Cross-sector indicator on CO ₂ kt eq/year avoided, reduced, etc. EUBEC 7.3			Measured by cross-sector indicator	
5) Low-emissions and climate-resilient inclusive growth, decent job creation – particularly for women and youth – and balanced territorial development, enabling of productive and social activities and other economic benefits widespread to the society, hence tackling some of the root causes of irregular migration	Cross-sector indicators on direct employment and indirect employment. EUBEC 7.4, 7.5 and guarantee application form indicator on indirect employment.			Measured by cross-sector indicators	
6) Contribution to energy security and to the reduction of energy supply cost related to the fossil fuel import bill	6.1 Tonnes of oil equivalent fossil fuels avoided per year by renewable energy/energy efficiency intervention funded by EU investments. EC	Toe	Outcome	Consumption of fossil fuels avoided, measured as tonnes of oil equivalent (toe), as a result of a renewable electricity generation or energy-saving project funded by the investment.	Start and end of the project - (for portfolios that include several projects, end of each individual project)
7) Sustainable and climate-friendly transport and improved logistics chains	7.1 Length of new or upgraded roads EUBEC 2.1	Km	Output	Total length of the road built or upgraded through the project Upgrading includes all activities to restore a degraded road to its originally intended design capacity (repair or rehabilitation) and/or to improve its design capacity (e.g. by widening lanes). Upgrading of road signage only does not count. This indicator will refer to paved roads and cover motorways, highways, main or national roads,	Annually

				secondary or regional roads.	
	7.2 Length of new or upgraded railways. EUBEC 2.2	Km	Output	Total length of railway tracks built or upgraded	Annually
	7.3 Additional port terminal capacity (passenger, container or cargo) EUBEC 2.4 focused on additional capacity	Million passengers/ TEU/tons per year, depending on units (people/container/cargo)	Output	<p>The indicator is the future capacity of the container terminal(s)</p> <p>In case of a terminal expansion, only include expansion capacity, although at the project level there should be information on the total capacity of the terminal(s), disaggregated by current terminal(s) capacity and expansion capacity.</p> <p>Depending on the type of terminal (passenger, container, or cargo), the units used will be different.</p>	Start and end of project - (for portfolios that include several projects, end of each individual project)
	7.4 Additional airport terminal capacity EUBEC 2.5	Million passengers/tons, depending on units (people/cargo) per year	Output	<p>The indicator is the increase in passenger or cargo terminal capacity of the airport</p> <p>It is calculated as the difference between the assessed total passenger terminal capacity of the existing airport prior to the project being implemented and the assessed total passenger terminal capacity of the airport after the project has been implemented.</p>	Start and end of the project - (for portfolios that include several projects, end of each individual project)
	7.5 Average annual daily traffic on new or upgraded roads. EUBEC 2.6 focused on additional traffic	<p>“AADT”</p> <p>Average Annual Daily Traffic</p>	Outcome	<p>Net difference between the total traffic volumes before and after the new or upgraded road.</p> <p>Information on the total traffic volumes at baseline is required for this calculation. All vehicles should be counted, including those of traffic that existed before upgrading, of diverted traffic, traffic generated as a result of road improvement, as well as growth in each of these categories.</p>	Start and end of the project - (for portfolios that include several projects, end of each individual project)

	7.6 Annual traffic on new or upgraded railways EUBEC 2.7 focused on additional traffic	Million passengers/tons, depending on units (people/cargo) per year	Outcome	Net difference between the total of passengers or freight using rail service per year before and after the new or upgraded railway. Information on the total traffic volumes at baseline is required for this calculation.	Start and end of the project - (for portfolios that include several projects, end of each individual project)
	7.7 Annual traffic of port terminal(s) user traffic (passenger, container or cargo) EUBEC 2.9 focused on additional traffic	Million passenger/TEU/tons per year, depending on units (people/cargo)	Outcome	Net difference between the total of passengers, containers or cargo using port services per year before and after new or upgraded terminal(s). Information on the total traffic volumes at baseline is required for this calculation. Depending on the type of terminal (passenger, container, or cargo), the units used will be different.	Start and end of the project - (for portfolios that include several projects, end of each individual project)
	7.8 Annual traffic at airport terminal EUBEC 2.10 focused on additional traffic	Million passengers/tons, depending on units (people/cargo) per year	Outcome	Net difference between the total of passengers, containers or cargo using airport services per year before and after new or upgraded terminal(s). Information on the total traffic volumes at baseline is required for this calculation. Depending on the type of terminal (passenger or cargo), the units used will be different.	Start and end of the project - (for portfolios that include several projects, end of each individual project)
8) Improved access to water, sanitation and hygiene	8.1 Number of individuals with access to improved drinking water source EU Results Framework (RF)	Number	Outcome	Net difference between total of individuals with access to improved drinking sources before and after the EU project	Annually
	8.2 Number of individuals with access improved sanitation facility EU Results Framework (RF)	Number	Outcome	Net difference between total of individuals with access to improved sanitation facility before and after the EU project	Annually

3.3 Core indicators for sustainable agriculture, rural enterprise and agri-business (for aggregation at Investment Window and/or Platform level)

Expected results ⁴⁵	Indicators	Unit	Type	Definition and comments	Frequency of reporting
1) Increased agriculture yields, output and income	1.1 Annual agricultural production weight EUBEC 6.1	Tons	Output	For the main productions impacted by the project. The price and yield should also be measured at project level.	Start and end of the project - (for portfolios that include several projects, end of each individual project)
	1.2 Area of land under cultivation EUBEC 6.2	Ha/year	Output	For the main productions impacted by the project, measured yearly. The price and yield should also be measured at project level.	Annually
	1.3 Number of farmers reporting increased turnover (as a result of direct support of the investment), disaggregated by sex, age, region, and other appropriate groups EUBEC 4.6 disaggregation	Number	Outcome	Number of farmers receiving direct assistance from the FI that have increased the volume of their turnover	Annually
	1.4 Number of farmers reporting increased self-consumption	Number	Outcome	Number of farmers receiving direct assistance from the FI that have increased the volume of their agricultural produces for self-consumption	Annually
	1.5 Number of farmers with access to new or improved storage facilities with investment support DEVCO Sector Indicator Guidance	Number	Output	FAO states that storage means "the phase of the post-harvest system during which the products are kept in such a way as to guarantee food security other than during periods of agricultural production. Harvest storage systems are systems that facilitate storage of harvested produce."	Annually

⁴⁵ As per envisaged impact of the EFSD Investment Window.

	1.6 Volume of post-production losses DEVCO Sector Indicator Guidance	Tons/year	Outcome		Annually
2) Increased and better distributed added value in national, regional and global value chains	2.1 Added value going to farmers EUBEC 6.5	EUR (constant value) per year	Outcome	For the main productions impacted by the project. For aggregation the same unit of currency is needed. Also track the added value in the local currency at Guarantee Tool/Project level to track progress unaffected by exchange rate fluctuations.	Start and end of the project - (for portfolios that include several projects, end of each individual project)
	2.2 Additional added value created EUBEC 6.4	EUR (constant value) per year	Outcome	For the main productions impacted by the project. For aggregation the same unit of currency is needed. Also track the added value in the local currency at Guarantee Tool/Project level to track progress unaffected by exchange rate fluctuations.	Start and end of the project - (for portfolios that include several projects, end of each individual project)
3) Low-carbon and climate-resilient inclusive growth and decent job creation	3.1 Number of workers supported or sustained in employment by the investment(s), disaggregated by sex EUBEC 6.6	Number	Outcome	The indicator could be formal or informal jobs	Annually
	Cross-sector indicator – Direct employment: Number of FTE workers employed during construction phase	# (FTE)	Output	Number of full-time equivalent construction workers employed for the construction of the company or project's hard assets during the reporting period	Annually
	Cross-sector indicator – Direct employment: Number of FTE workers employed during operations and maintenance phase	# (FTE)	Outcome	Number of full-time equivalent employees working for the client company or project	Annually

	Cross-sector indicator – Number of indirect jobs supported	# (FTE)	Outcome	Definitions and methodology as used by lead FIs, who should provide exact details in the form of a methodology note	Start and end of the project (for portfolios that include several projects, end of each individual project)
	Cross-sector indicators – GHG induced, avoided, reduced, or sequestered per year	CO ₂ kt eq/year	Outcome	Average amount of GHG emissions induced, avoided, reduced, or sequestered per year by the project during its lifetime or for a typical year of operation: net balance between gross emissions and emissions that would occur in a baseline scenario	Start and end of the project (for portfolios that include several projects, end of each individual project)
4) Gender Equality	4.1 Number of women receiving rural advisory services through the investment, disaggregated by age, service type, and ethnicity when relevant Other	Number	Output	The indicator relates specifically to rural advisory services (RAS), which disseminate information about technologies, markets, inputs, financial issues, and assist farmers to develop their technical, organisational and management skills and practices so as to improve their livelihoods and wellbeing This helps farmers to strengthen their relationship with the private sector, researchers and governments. RAS also improves ability of farmers to operate in groups, to deal with risk patterns, to use ICTs (Information Communication Technologies) effectively, to seek new markets and deal with value chain operators.	Annually
	4.3 Disaggregation of 2.1 Added value going to female farmers EUBEC 6.5 disaggregation	EUR (constant value) per year	Outcome	For the main productions impacted by the project	Start and end of the projects (for portfolios that include several projects, end of each individual project)

5) Improved sustainable agricultural practices (reduced greenhouse gases emissions and local pollution, natural resources management, climate adaptation measures including improved land and water use, management and conservation) helping countries to achieve their international climate change pledges	5.1 Number of projects that affect land and property rights that carry out a due diligence report to agreed standards EUBEC 6.3	Number	Process	Standard is based on the guidelines developed by Agence Française de Développement (AFD) and in line with the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT)	Annually
	5.2 Number of households or productive units with access to climate-smart innovative options promoted by the investments (e.g. energy-saving technologies, etc.), disaggregated by location (urban/rural) and type of option DEVCO Sector Indicator Guidance	Number	Output	Climate-smart innovative options are techniques other than agricultural production that contribute to reducing the impact of climate change, e.g. energy saving, water saving processes and equipment The indicator measures the access of productive households or productive units to these climate-smart innovative options. Adoption of innovative options is the next step in the results chain, and should be measured at PIP/ Blending Project level.	Annually
	5.3 Agricultural and pastoral ecosystems where sustainable land and water management practices have been introduced. DEVCO Sector Indicator Guidance/ EU RF	Ha	Outcome	The indicator refers to the total number of hectares where farmers, supported by the project, have introduced sustainable land management practices aimed at reverting soil erosion, enhancing fertility, increasing biodiversity, improving water management, or reducing chemical inputs.	Annually where possible, otherwise start and end of the project (for portfolios that include several projects, end of each individual project)
	Number of projects having an impact on marine and coastal ecosystems carried out in respect of the Sustainable Blue Economy Finance Principles.	- Number of project, or; - tons of Biomass produced, or; - area (ha), or; - Length of	Process	Standard is based on the provisions of the Sustainable Blue Economy Finance Principles, expressly intended to further the implementation of the Sustainable development Goals (SDGs), in particular Goal 14 (“Conserve and sustainably use the oceans, seas and marine resources for sustainable development”). They are compliant with IFC Performance Standards and EIB Environmental and Social Principles and Standards.	

		coastline (km)			
6) Increased agri-entrepreneurship	Disaggregation of cross-sector indicator 1 - Number of people receiving rural advisory services through the investment, disaggregated by sex, age, service type, and ethnicity when relevant EUBEC 7.1 disaggregation	Number	Output	The indicator relates specifically to rural advisory services (RAS), which disseminate information about technologies, markets, inputs, financial issues, and assist farmers to develop their technical, organisational and management skills and practices so as to improve their livelihoods and wellbeing This helps farmers to strengthen their relationship with the private sector, researchers and governments. RAS also improves ability of farmers to operate in groups, to deal with risk patterns, to use ICTs (Information Communication Technologies) effectively, to seek new markets and deal with value chain operators.	<i>Annually</i>
	6.1 Number of bankable business plans developed through investment support DEVCO Sector Indicator Guidance	Number of business plans	Output	This indicator is linked with the provision of training and assistance aiming at improving knowledge of financial management, e.g. the knowledge required to prepare a business plan, considered as a pre-condition for the launch of new income-generating activities/business	Annually
7) Improved food security	7.1 Number of people supported by the investment with minimum dietary diversity score, disaggregated by sex, age, regional where appropriate EUBEC 6.7	Number	Outcome	Minimum dietary score is calculated with respect to the number of food groups consumed by an individual over a reference period Ref.: FAO Manual Minimum Dietary Diversity in Women.	Start and end of the project (for portfolios that include several projects, end of each individual project)

3.4 Core indicators for Digital for Development (for aggregation at Investment Window and/or Platform level)

Expected results ⁴⁶	Indicators	Unit	Type	Definitions and comments	Frequency of reporting
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⁴⁶ As per envisaged impact of the EFSD Investment Window.

1) Create jobs, both in the digital domain as well as in other sectors profiting from digital input	Cross-sector indicator 3 – Direct employment: Number of FTE workers employed during construction phase	# (FTE)	Output	Number of full-time equivalent construction workers employed for the construction of the company or project's hard assets during the reporting period	Annually
	Cross-sector indicator 4 – Direct employment: Number of FTE workers employed during operations and maintenance phase	# (FTE)	Outcome	Number of full-time equivalent employees working for the client company or project	Annually
	Cross-sector indicator 5 – Number of indirect jobs supported	# (FTE)	Outcome	Definitions and methodology as used by lead FIs, who should provide exact details in the form of a methodology note	Start and end of the project (for portfolios that include several projects, end of each individual project)
2) Remove obstacles and improve accountability of institutions and public services by establishing, e-governance systems and solutions	<p>2.1 Number of people using e-governance systems and services established and/or improved through investment support, disaggregated by sex and age</p> <p>DEVCO Sector Indicator Guidance</p>	Number	Outcome	<p>The number of people benefitting from the investment supporting digital services, e.g. digitalising and inter-connecting national registries, eID, eProcurement, eHealth, eEnergy, climate services, disaster risk management, forestry and land management, eJustice, eCompany and other digitalised public services intended to increase the performance and the accountability of public services towards citizens and business</p> <p>The exact beneficiaries will depend on the context of the project. E.g. for support towards a voter registration system, this indicator could include the number of people registered through the biometric voter system which was set up with investment support.</p> <p>There is a specific indicator on financial services (indicator 3.5), so include people supported to access financial services via digital services in that indicator.</p>	Annually where possible, otherwise, start and end of the project (for portfolios that include several projects, end of each individual project).
3) Reduce the existing digital divide by increasing proportion of population with access to af-	<p>3.1 Length of optical fibre cables installed</p> <p>DEVCO Sector Indicator Guidance</p>	Km	Output		Annually

fordable broadband connectivity	3.2 Number of mobile subscriptions by data/no data services enabled HIPSO	Number	Outcome	Number of mobile subscriptions (GSM, CDMA, BGAN, VSAT, EDGE, UMTS, WiMax, 3G, 4G, LTE, etc.) including voice and/or data at the end of the relevant reporting period. Includes both post-pay and pre-pay subscriptions.	Annually
	3.3 Number of fixed data subscriptions, disaggregated by commercial/non-commercial subscriptions and by new/improved subscriptions HIPSO	Number	Outcome	Number of fixed data subscriptions (ADSL, Broadband, Fibre, etc.) at the end of the relevant reporting period. Difference between new and improved subscriptions: 'new' subscriptions refer to interventions where networks have been expanded, 'improved' subscriptions are understood as improvements in quality, e.g. upgrading from 3G to 4G or from telephone to fibre connection. Includes both post-pay and pre-pay subscriptions.	Annually where possible, otherwise start and end of the project (for portfolios that include several projects, end of each individual project)
	3.4 Number of households with access to fixed broadband connectivity DEVCO Sector Indicator Guidance	Number	Outcome		Start and end of the project (for portfolios that include several projects, end of each individual project)
	3.5 Number of people with access to mobile broadband connectivity, disaggregated by sex, urban/rural	Number	Outcome	Disaggregation from registrations where data is available. It is noted that not all countries demand registration for pre-paid subscriptions.	Start and end of the project (for portfolios that include several projects, end of each individual project)
	3.5 Number of people using digital financial services through investment support, disaggregated by sex, age, rural/urban. DEVCO Sector Indicator Guidance	Number	Outcome	This may include people benefitting from digital tools to be used through mobile/internet platforms to access financial services.	Annually where possible, otherwise start and end of the project (for portfolios that include several projects, then end of each individual project)

4) Low-carbon and climate-resilient growth (reduced greenhouse gases emissions and local pollution, renewable energy deployment, natural resources management, climate adaptation measures, disaster risk reduction and management), helping countries to achieve their international climate change pledges	Cross-sector indicator 6 – Amount of greenhouse gas emissions induced, avoided, reduced, or sequestered per year	CO ₂ kt eq/year	Outcome	Average amount of GHG emissions induced, avoided, reduced, or sequestered per year by the project during its lifetime or for a typical year of operation: net balance between gross emissions and emissions that would occur in a baseline scenario.	Start and end of the project
	4.1 Amount and share of the investments contributing to (a) protecting biodiversity (b) climate change (adaptation and mitigating) (c) combating desertification (d) protecting the environment (Aid to Environment) EU RF	Number	n/a	Disaggregated by Investment Windows and Platforms The EIP Secretariat will use financial information to calculate these indicators centrally.	n/a

3.5 Core indicators for Sustainable Cities (for aggregation at Investment Window and/or Platform level)

Expected results ⁴⁷	Indicators	Unit	Type	Definitions and comments	Frequency of reporting
	1.1 Length of new or upgraded urban transport lanes EUBEC 2.3	Km	Output	Total length of urban transport lanes, including bus lane, tramline, or metro tracks built or upgraded. Upgrading includes all activities to restore degraded transport lanes to its originally intended design capacity (repair or rehabilitation) and/or to improve on its design capacity (e.g. by widening bus lanes). Upgrading of road signage only does not count.	Annually
	1.2 Length of new or rehabilitated water supply pipes in urban areas EUBEC 3.1 disaggregation	Km	Output	Length of water mains and distribution pipes installed or upgraded in urban areas All sizes of pipes intended to transport water for urban water use, expressed in their aggregate length in the network, irrespective of pipe diameter, comprising mains as	Annually

⁴⁷ As per envisaged impact of the EFSD Investment Window.

1) Increase in the proportion of population that has access to basic services				well as reticulation pipes.	
	1.3 Length of new or rehabilitated sewer pipes installed in urban areas. EUBEC 3.2 disaggregation	Km	Output	Length of collectors and sewers installed or upgraded in urban areas All sizes of sewer pipes, expressed in their aggregate length in the network, irrespective of pipe diameter, comprising mains as well as reticulation pipes.	Annually
	1.4 Number of new connections to water supply in urban areas EUBEC 3.3 disaggregation	Number	Output	Number of new connections to the urban water network. Connections via standpipe can also be included. Only new connections resulting from the investment project are counted; those already connected to the network and receiving improved services through a project are not counted.	Annually
	1.5 Volume of new and/or improved urban water treatment process capacity EUBEC 3.4 disaggregation	M ³ /day	Output	Maximum amount of water that the new or improved urban treatment plant can process. Include additional capacity for drinking water This indicator reflects the total new or additional capacity of treatment plant, independently of its production during operation.	Annually
	1.6 Additional wastewater treatment capacity in urban areas EUBEC 3.5 disaggregation	M ³ /day	Output	Additional amount of waste water that the new or improved urban treatment plant can process Improvements in both efficiency (e.g. increased capacity) or effectiveness (e.g. reduced water pollutants) can be included. For improvement gains only report on the capacity of treatment plant affected by the improvements.	Annually

1.7 Amount of wastewater treated EUBEC 3.9	M ³ /day	Outcome	Amount of wastewater treated per day, independently of the maximum capacity of the urban treatment plant. Only the amount of water considered to be safely treated in accordance to the local standards should be included.	Start and end of the project (for portfolios that include several projects, end of each individual project)
1.8 Number of people benefiting from safe drinking water in urban area, disaggregated by sex and age EUBEC 3.6 disaggregation focused on people	Number	Outcome	Urban population using a safe drinking water supply, as defined by international standards	Annually where possible, otherwise start and end of the project (for portfolios that include several projects, end of each individual project)
1.9 Volume of drinking water produced EUBEC 3.8 disaggregation	M ³ /day	Outcome	Amount of drinking water produced, independently of the maximum capacity of the urban network This may also be an output depending on the exact nature of the investment.	Annually where possible, otherwise start and end of the project (for portfolios that include several projects, end of each individual project)
1.10 Number of people benefiting from improved sanitation services in urban areas, disaggregated by sex and age EUBEC 3.7 disaggregation focused on people	Number	Outcome	Urban population with access to improved sanitation services, as defined by international standards Improved sanitation services are sanitation facilities that are not shared and meet international standards (e.g. toilets used by only one household), in line with certain design standards that prevent human contact with faeces. These include flush/pour flush toilets or latrines connected to a sewer, septic tank, or pit, ventilated improved pit latrines, pit latrines with a slab or platform of any material, which covers the pit entirely, except for the drop hole, and composting toilets/latrines.	Annually where possible, otherwise start and end of the project (for portfolios that include several projects, end of each individual project)
1.11 Number of additional urban transport users per year, disaggregated by sex and age EUBEC 2.8	Number per year	Outcome	Number of additional urban transport users, calculated as the difference between the number before and after the project	Start and end of the project (for portfolios that include several projects, end of each individual project)
1.12 Installed capacity for solid waste collection and disposal	Tons/year	Output	The indicator includes any capacity installed, including sorting, recycling, mechanical/biological/chemical/thermal treatment and landfill	Annually

	DEVCO Sector Indicator Guidance			disposal.	
	1.13 Amount of solid waste collected and disposed DEVCO Sector Indicator Guidance	Tons/year	Outcome	Solid waste collected, treated and disposed supported by the investment	Start and end of the project (for portfolios that include several projects, end of each individual project)
	1.14 Number of people benefitting from improved housing conditions in urban areas, disaggregated by sex EUBEC 5.3 disaggregation	Number	Outcome	Number of people benefitting from improved housing conditions in urban areas	Annually where possible, otherwise start and end of the project (for portfolios that include several projects, end of each individual project)
	1.15 Number of new and/or refurbished social and affordable housing units in urban areas.	Housing Units	Output	Square meters of new and/or refurbished social/affordable housing units in urban areas, including slums. Refurbishment includes all activities to restore a degraded habitation to its originally intended quality (meeting minimum local standards) and to improve its quality (to the level of minimum local standards or above).	Start and end of project
2) Direct and indirect decent jobs' net creation (operating and benefitting from the use of infrastructures) Disaggregated by sex and age	Cross-sector indicator 3 – Direct employment: Number of FTE workers employed during construction phase	# (FTE)	Output	Number of full-time equivalent construction workers employed for the construction of the company or project's hard assets during the reporting period	Annually
	Cross-sector indicator 4 – Direct employment: Number of FTE workers employed during operations and maintenance phase	# (FTE)	Outcome	Number of full-time equivalent employees working for the client company or project	Annually
	Cross sector indicator 5 – Number of indirect jobs supported	# (FTE)	Outcome	Definitions and methodology as used by lead FIs, who should provide exact details in the form of a methodology note	Start and end of the project
3) Local pollution, waste generation and GHGs levels from the rele-	3.1 Amount and share of the investments contributing to (a) protecting biodiversity (b) climate change (adaptation and mitigating) (c) combating desertification	Number	n/a	Disaggregation by Investment Windows and Platforms. The EIP Secretariat will use financial information to calculate these indicators centrally.	n/a

vant municipal activity are reduced through investments to promote climate change adaptation and mitigation activities and low-pollution resource-efficient technologies	(d) protecting the environment (Aid to Environment). EU RF				
	3.2 Air quality		Outcome	Air quality report and PM2.5 and PM10 if available	
	3.3 Amount of solid waste collected and recycled	Tons/year	Outcome		Start and end of the project (for portfolios that include several projects, end of each individual project)
	Cross-sector indicator 6 – Amount of greenhouse gas emissions induced, avoided, reduced, or sequestered per year	CO ₂ kt. eq/year	Outcome	Average amount of GHG emissions induced, avoided, reduced, or sequestered per year by the project during its lifetime or for a typical year of operation: net balance between gross emissions and emissions that would occur in a baseline scenario	Start and end of the project

General note – please see <https://europa.eu/capacity4dev/eu-rfi> for the level 2 indicator methodology notes for the EU Results Framework, some of which are similar to the indicators listed in this document. These are for guidance/information only and note that the methodologies there are those for the EU RF.