

GUIDANCE NOTES

HOW TO FILL IN APPLICATION FORM FOR BLENDING FACILITIES?

Preamble: general explanation and recommendations

These Explanatory Notes (EN) accompany the Application Form (AF) For Blending Facilities. The AF is designed and structured in 2 parts (identity of the project and detailed description of the project) and 40 sections, attempting to avoid any replication and with the first 20 sections (which should in principle be included on the first page of the AF) containing the context and main description of the project.

This document is structured according to the AF: i.e. the chapter numbers refer to the section numbers from the AF.

The main objective of the EN is to provide guidance to the applying financial institutions on expected information to be provided in the AF for Blending Facilities. It clarifies what information the Commission expects to receive, particularly in the light of the conclusions of the Special Report of the Court of Auditors on EU Blending (October 2014) and the recommendations of the EUBEC Platform (2012-2015). In order to facilitate the filling, Annex VIII "Questions for last checking" has been included. This generally reflects the assessment carried out by the Commission and aims to help the applying financial institutions to double check that all the relevant information has been included.

The Recommendations of the EUBEC Platform, numbered from R.1 to R.13, are included in the relevant sections of the Application form. Although all of the recommendations are important, experience has shown that the most frequent requests for clarification from the Commission arise from Recommendations 3 (Additionality) and 13 (EU grant amount justification), so it is recommended to fill them in with particular care.

Please note that all the sections need to be duly filled in as clearly and concisely as possible, taking into account the maximum limits and avoiding repetitions.

Information on sections 19, 22 and 34 are important for the Commission's OECD reporting and therefore it is crucial to fill the above mentioned section as accurately as possible.

The final recommendation is to address sensitive issues immediately to ensure that these are clarified as early in the process as possible.

The final version of the Application form should be submitted in pdf version; the maximum number of pages is 20 pages + up to 10 pages as Annexes.

Table of Contents

1	Blending Facility	4
2	Project Number/code	4
3	Name of project	4
4	Meeting Type	4
5	Meeting Date	4
6	Date of prior submission	5
7	Sector(s)	5
8	DAC-code	5
9	EU Special Windows	5
10	Partner country (ies)	5
11	Regional programme	6
12	Lead Finance Institution	6
13	Co-financiers(s)	6
14	Type(s) of EU contribution and amount(s) requested (€)	6
15	Project stage	6
16	Partner country (ies) authority (ies) / Private partner(s)	7
17	Implementing Entity(ies)	7
18	Short description of the project	7
19	Main objectives of the project	7
20	indicative budget – Project Uses & Sources	7
21	Context of the project	8
22	Coherence with the Policy objectives of the Facility and EU Policies	8
23	Consultations before submission	9
24	Entities involved, implementation scheme, organisational set up and exit strategy	9
25	Indicative Budget: Project Uses & Sources, detailed description	13
26	Financing Conditions of financial institutions	14
27	Debt sustainability	14
28	Financial Leverage	14
29	Additionality of the EU contribution	15
30	Justification of EU contribution (amount)	17

GUIDANCE NOTES FOR AF (01.01.2016)

31	Expected Results	17
32	Project Sustainability	22
33	Risk Assessment	22
34	Climate and Environment Rio markers	23
35	Indicative Project Calendar	25
36	Description of procurement procedure	25
37	Monitoring, reporting and evaluation	26
38	Visibility	27
39	Contacts	27
40	Date of submission and Name of submitting person	27
Annex I.	Key requirements checklist	28
Annex II.	Project map	28
Annex III.	Public description of the project	28
Annex IV.	Estimated breakdown of TA costs (if applicable)	28
Annex V.	Communication and Visibility Plan	28
Annex VI.	General Policy objectives	28
Annex VII.	Rio Convention Markers	32
Annex VIII.	Questions to guide assessment	35
	<i>(not to be filled, for double checking purpose only)</i>	35
Annex IX.	Indicators	38
	Energy	38
	Transport	39
	Environment (water and sanitation)	40
	Private sector development	41
	Social (social housing, health and education)	42
	Agriculture, Food and Nutrition Security	43
	Cross Sector Indicators	44

1 Blending Facility

Choose type of Facility abbreviation from the table below¹:

Blending Facility	Full name
AfIF	Africa Investment Facility
AIF	Asian Investment Facility
AITF	EU-Africa Infrastructure Trust Fund
CIF	Caribbean Investment Facility
IFCA	Investment Facility for Central Asia
IFP	Investment Facility for the Pacific
LAIF	Latin America Investment Facility
NIF	Neighbourhood Investment Facility
WBIF ²	Western Balkan Investment Framework
...	

2 Project Number/code

The European Commission will insert the appropriate project number: Name of the Instrument/ number or code.

One number per project would be attributed as soon as the project is presented for the first time to the Technical Assessment Meeting (TAM). Project with several tranches will be attributed the same number plus a sequential number/letter.

3 Name of project

Enter a comprehensive title of the project, knowing that this name will follow the project through to completion.

4 Meeting Type

There are two applicable meeting types to choose from:

- Technical Assessment Meeting ("TAM")
- (DCI/EDF/ENI/IPA) Board.

5 Meeting Date

Enter the relevant meeting date in the following system: DD/MM/YYYY.

¹ The table reflects the set-up of blending facilities as of September 2015.

² In the context of the WBIF, the special nature of its procedures and projects has to be taken into account.

6 Date of prior submission

Applicable just in case of re-submission of a project as request by the relevant TAM/Board.

7 Sector(s)

Choose sector/s from the table below:

Sector name	Examples of most commonly supported types of projects across all BF's
Energy	energy infrastructure (energy transmission and network connections); energy networks improvements, renewable energy projects; energy efficiency, district heating, gas infrastructure, sustainable energy financing facility etc. Tick <input type="checkbox"/> Sustainable Energy for All (SE4All) – if applicable.
Environment	water supply and wastewater treatment infrastructure; waste management; flood protection; water resources management; etc.
Transport	infrastructure in ports, rail, roads, airports; urban transport, border crossing infrastructure; etc.
Social Sector	education, health sector, judiciary facilities, prisons, centres for elderly infrastructure; social housing; entrepreneurial learning centre etc.
Private Sector	MSME ³ development; microfinance; support to private sector development and access to finance.
ICT	Telecommunication networks et.
Agriculture	
...	

8 DAC-code

Use CRS purpose codes available at: <http://www.oecd.org/dac/stats/dacandcrscodelists.htm>

Provide only one code number and the name.

9 EU Special Windows

Tick the relevant option, if applicable. The “windows” refer to a particular earmarking and /or use of EU funding (e.g. climate change or Sustainable Energy for All (SE4All)).

10 Partner country (ies)

Insert the name of the partner country or countries. For "Regional" projects, please indicate which countries are involved (with the mention "etc." if the list is clearly opened).

³ Micro, small and medium enterprises.

11 Regional programme

Insert the name of the sub-region concerned (if relevant).

12 Lead Finance Institution

Provide name of the lead finance institution.

13 Co-financiers(s)

Provide names of all other finance institutions acting as co-financiers.

14 Type(s) of EU contribution and amount(s) requested (€)

Choose type(s) of EU contribution from the list below and indicate the relative amount plus lead fees:

Type(s) of contribution	Abbreviation	Amount requested (€)	Lead fees
Investment Grant	IG		
Technical assistance	TA		
Interest rate subsidy	IRS		
Guarantee	Guar.		
Equity	Equity		
Other	Other		

If this is a multiple grant component project (e.g. TA and investment grant, etc.) specify the amounts separately and coherently within section 14. Project fees should also be separately indicated.

Distinguish Pagoda Blend (TA, IG and IRS), Pagoda FI (Guarantee and Equity) and Pagoda co-delegation if applicable.

In line with C5a PAGoDA - Special Conditions Delegation Agreement, lead fees to be calculated as: 2% of the EU Contribution (and/or the NIF Trust Fund if applicable) to the Project for investment grants (but irrespective of the size of contribution, a minimum of EUR 200,000 flat up to an amount representing maximum 7% of the EU Contribution and a maximum of EUR 750,000) plus 4% of the EU Contribution (and/or the NIF Trust Fund if applicable) to the Project for technical assistance and studies (but irrespective of the size of contribution, a minimum of EUR 150,000 flat up to an amount representing maximum 7% of the EU Contribution and a maximum of EUR 300,000). In case of hybrid projects the minima granted to each component may be cumulative while they cannot go beyond 7% of the contribution to the relevant TA or IG component. Indicate also the sharing mechanism with co-financiers, if applicable.

15 Project stage

Tick the relevant box (multiple choices are possible):

- Project identification: project which is aiming at generating projects
- Project preparation: for example feasibility study, detailed design
- Investment phase: construction and implementation

16 Partner country (ies) authority (ies) / Private partner(s)

Indicate who is the:

- Partner country authority and department in charge, if available (e.g. Ministry of Finance or Ministry of Transport)
- Private partner(s) (e.g. local bank(s) or fund manager), if known at the time of application.

17 Implementing Entity(ies)

Indicate who is (are) the entity(ies) responsible for the implementation of the project (e.g. the public transport agency). Note that in section 16 all the entities involved should be listed, while in this section only the entity in charge of implementing the project should be indicated.

Specify if it is:

- Public,
- Mixed (indicate ownership structure) or
- Private.
- Financial Intermediary(ies)
 - Public,
 - Mixed (indicate ownership structure) or
 - Private.

18 Short description of the project

Provide a short description of the project. The description should include location and the main project components. Section 18 to 20 should be a concise summary in order to provide a comprehensive outline of the project. Further details should be provided in section "Context of the Project".

(Indicative max characters 500 including spaces)

19 Main objectives of the project

Indicate the main objectives (maximum three) of the project in terms of outcomes /outputs. Details to be provided in section "Expected results".

(Indicative max characters 500 including spaces)

20 indicative budget – Project Uses & Sources

A description of the financing plan should be provided, with details outlined in the "Indicative budget". State the amount and different type of project costs matched against the financing contributions of the EU Blending Facility, finance institutions and of other financiers, if any. Total amount of "Uses" should correspond to the total amount of "Sources" in this table.

For TA projects also provide an estimated breakdown of TA costs in Annex III of the Application Form.

(Indicative max characters 350 including spaces)

21 Context of the project

The context should include the following elements:

- Describe the background of the project. What is the need? How is it justified? Where does the project idea originate from? What are the market failures or sub-optimal investment situations which will be addressed, which may have proven to be financially viable but do not give rise to sufficient funding from market sources? Where relevant, describe an ex-ante assessment of market conditions, additionality aspects and the avoidance of the potential crowding out of other sources of finance.
- Compliance with the main national/regional policies for the concerned sector or thematic area; consistency with the National/Regional/Continental Development Strategy.
- What is the priority of the project from the national/regional authorities' point of view?
- Is the project coherent with the Public Investment Programme (if relevant)?
- Any involvement of the Private sector.
- Any relevant information on the social and/or market impact that the project, if implemented, will have, for instance an important and sudden rise in utility tariffs, which may be necessary for the sustainability of the sector and of the project but which may have important social consequences.

(Indicative max characters 5,000 including spaces)

22 Coherence with the Policy objectives of the Facility and EU Policies

The new table in this Section makes reference to the 5 "General policy objectives" that Commission staff will have to report on going forward for internal monitoring purposes. Definitions of all these objectives can be found in the chapter 3.6 of the "CRIS DAC form manual"⁴. Tick the relevant box in the table, as applicable, and recall the response in Section 31 (Expected Results) providing disaggregated data (e.g. gender) where applicable.

Add comments to justify in a concrete way how the project is coherent with the Policy Objectives of the Facility. Is it in line with similar EU Partnership Programs (examples?). When implementing a financial instrument, justify coherence to its specific policy objectives.⁵ In cases where there are other related projects (financed by the Facility, other EU funds, or other donors/ financiers working on the same issue), indicate how the coordination and complementarity with related projects will be ensured and monitored.

Justify in a concise way how the project is coherent with and contributes to achieve the EU policies and core directives (e.g. environment, state aid, public procurement).

Is it a new area of financing for EU or finance institution? Is there a track record of work in this area over the last 5 years?

(Indicative max characters 4,000 including spaces)

⁴ See Annex V

⁵ as foreseen in the revised Financial Regulation, article 140.2(e) (Title VIII):

http://ec.europa.eu/budget/biblio/documents/regulations/regulations_en.cfm

For ACPs NIPs and RIPs can be found at: https://ec.europa.eu/europeaid/countries-territories-and-regions-where-we-are-active_en
N.B.: In this web page for ACPs select the option map by country for NIPs and map by region for RIPs

MIP 2014-2017: https://ec.europa.eu/europeaid/sites/devco/files/mip-pan-african-programme-2014-2017_en.pdf

[http://eeas.europa.eu/enp/pdf/financing-the-](http://eeas.europa.eu/enp/pdf/financing-the-enp/enp_wide_strategic_priorities_2014_2020_and_multi_annual_indicative_programme_2014_2017_en.pdf)

[enp/enp_wide_strategic_priorities_2014_2020_and_multi_annual_indicative_programme_2014_2017_en.pdf](http://eeas.europa.eu/enp/pdf/financing-the-enp/enp_wide_strategic_priorities_2014_2020_and_multi_annual_indicative_programme_2014_2017_en.pdf)

23 Consultations before submission

Summarize the timing and the conclusions of the consultations done before submission with the following stakeholders:

- **EU Delegations⁶:** in the case of a national project provide the name(s) and the function(s) of the person(s) from EU DEL with whom the consultations were conducted (in case of doubt the person to be contacted is the Head of Operations); in the case of a regional project indicate whether any respective EU DELs were informed about the project or appropriate EU Regional Delegation if relevant (e.g. in Africa). In order to increase accountability and transparency, for each public sector project, regardless of whether the scope is national or regional, project application forms have to be accompanied by a letter of support from the relevant EU Delegation before they are submitted to the Board. The letter has to be channelled through the Lead Finance Institution(s). This requirement does not apply for private sector related operations. For public sector projects, a letter of support from the relevant partner country authority has to be provided, either before the Board or at the latest before the contracting of the project, depending on the specific situation.
- **Geographic unit(s) of DG DEVCO⁷/ NEAR⁸:** in the case of regional projects, provide the name(s) and the function(s) of consulted person(s) from DG DEVCO/NEAR geographic unit(s);
 - **Local partners:** if appropriate specify the process of consultations with national and local level partners relevant for the project.
 - **Regional organisations:** Indicate the consultations done with regional organisations (if relevant)
 - **Other stakeholders:** specify consultations with any other stakeholders, if relevant (e.g. CSOs).*(Indicated max characters 3,000 including spaces)*

24 Entities involved, implementation scheme, organisational set up and exit strategy

Describe:

- the entities involved in the implementation (project beneficiary(ies), co-delegatee if any, co-financiers if any, sub-delegatee if any, financial intermediaries⁹ if any, other entities if any);
- the implementation scheme (organisation of activities, payments and budget)
- the organisational set-up of the project (adding if possible a graph illustrating the institutional set up - to be annexed).
- the exit strategy

⁶ List of EU Delegations: http://www.eeas.europa.eu/delegations/index_en.htm

⁷ DG DEVCO/ EuropeAid organigramme: http://ec.europa.eu/europeaid/sites/devco/files/organisational-chart-01-01-2015_en.pdf

⁸ DG NEAR/ EuropeAid organigramme: http://ec.europa.eu/enlargement/pdf/who_does_what/20150917-near-org-chart.pdf

⁹ Definition of Sub-delegatee and Financial Intermediary to be further aligned with the contract templates on Financial Instruments.

1. Description of entities involved

1.1 Description of the Sub-delegatee/Grant beneficiary¹⁰ (for TA and/or Investment Grants)

The Sub-delegatee means the entity (implementing or executing agency) to which the Lead FI (the "Delegatee") will sub-delegate tasks such as the launch of procurement and award of contracts and/or the execution of payments.

The Delegatee may, on the other hand, decide to provide a Grant to the entity (implementing or executing agency) (the "Grant beneficiary").

There is sub-delegation where there is a clear transfer of decision-making power to the Sub-delegatee. If the criteria to distribute funds are defined a priori by the Delegatee reducing the margin of discretion of the partner, then this should not be considered sub-delegation but rather a Grant.

The Delegatee in charge of the implementation of the project shall determine whether the entity is a Sub-delegatee or a Grant beneficiary.

➤ Definition of sub-delegation

The Delegatee body may, if justified, sub-delegate part of the budget implementation tasks to another entity, provided it was positively assessed regarding the pillar of sub-delegation, particularly when this will have a positive impact on aid effectiveness.

Sub-delegation (second degree delegation) is possible provided that:

- the second degree delegatee is a public body (national or international) or a private law body with a public service mission . The second degree delegates can also be non-profit organisations possessing the appropriate operational and financial capacity, under conditions equivalent to those applying to the Commission bodies;
- the second degree delegatee has been subject to an ex ante assessment performed by the delegatee body, equivalent to the one performed by the Commission on the delegatee body (the pillar assessment), ensuring that the implementing partner will implement the action with procedures and systems that comply with international standards. This ex-ante assessment will not be necessary if the implementing partner has already been positively assessed by the relevant services of the Commission to work in indirect management.

1.2 Description of any other entity involved in the implementation (e.g. co-delegatee, co-financing entity)

1.3 For Financial Instruments only (such as risk sharing mechanisms): list other entities involved e.g. Financial intermediaries, Sub-borrowers, Final recipients, Fund manager/Investment advisor

Describe the eligibility and selection criteria by which Financial intermediaries, Sub-borrowers etc. will be selected and outline the selection procedures.

¹⁰ The entrusted responsibility to financial intermediaries shall be further detailed in the template for contracting of Financial Instruments based on art 139 of the Financial Regulation.

Example:

Partner Financing Institutions (PFIs) are chosen by the lead FI based on their financial strength, geographic coverage and branch network, and commitment to engage for instance in energy efficiency (EE) finance. The lead FI will select the PFIs to be financed under the Action in accordance with its own internal procedures. The lead FI assesses the creditworthiness of each PFIs on a case-by-case basis as part of the due diligence process and puts in place appropriate credit quality monitoring benchmarks/covenants. The Contracting Authority will be kept regularly informed on the loans signed with the PFIs through the progress reports. The Action will contribute to the development of banks and micro finance institutions who have limited experience in EE projects

2. Implementation scheme: the organisation of activities

2.1 Description of the foreseen activities and the implementation scheme

- Indicate the type of components:
 - Investment Costs: description of type of works and output/outcome and type of supplies.
 - Technical Assistance (TA): the breakdown of funds provided for TA shall be detailed.
- Indicate the investment period, the expected duration of the fund/ financing instrument (e.g. unlimited, 10 years etc.) and the repayment period. The end of the repayment period should correspond to the end of the implementation period of the action.
- **Definition of multi-donor actions:** this means any action co-financed by several donors (joint or parallel.
- **Definition of joint co-financing:** where EU funds are pooled with at least one other donor. Describe whether/how the EU contribution is pooled together with loans from the FI(s) to finance several components of the action.¹¹
- **Definition of parallel co-financing:** the activities financed by the EU contribution are clearly earmarked to finance separate components and the funds are not pooled together with the ones of the FI(s) or co financing partners.

3. Organisational set-up

3.1 Financial instruments such as Investment grant (IG) and Technical assistance (TA)

- Describe the role (tasks, responsibilities, relations between the different bodies) of the Lead FI, the Sub-delegatee and any other entities involved.
- Describe what are the exact responsibilities of the Lead FI are and of the Sub-delegatee, included the tasks which will be sub-delegated.

¹¹ Pooling of funds as defined by article 42 of the Rules of Application (RAP) of the FR shall be further detailed in the new contracting templates for Financial Instruments.

GUIDANCE NOTES FOR AF (01.01.2016)

- If applicable, describe, to the extent possible, the setup of the Project Implementation Unit (PIU) and its roles and responsibilities.

3.2 Financial Instruments such as risk sharing mechanisms (guarantees and risk-capital)

Describe, if applicable:

3.2.1 The role of the Lead FI vs. the Fund Manager/Investment Advisor

3.2.2 The organisational set-up and the key information needed. An example list would be:

- Governance
- Location of investments
- Type of EU investments
- Timing of EU investments
- Size of EU investments
- Alignment of interest (including risks) between the Lead FI and the Commission and between the Lead FI and the Financial Intermediary(ies) (if applicable)
- Duration of EU investments
- Investor Headquarters
- Conditions for EU investments
- Representation of EU investments
- Governance of the financial intermediary(ies)
- Proposed exit strategy
- Any other relevant information

It is recommended that relevant documents (such as a private placing memorandum or equivalent) are sent to the Commission if possible with the application in order to facilitate the review. However, this information is too detailed to be summarised in the Application form which should provide only a general overview, as above.

Consultation on individual operations

Please include, for projects where this is applicable, information on the option to be adopted for the consultation process with the Commission on individual operations. Please note that all individual operations must conform to the investment guidelines foreseen under the project:

- Option 1: Ex-post information on individual operations will be provided to the Commission under regular reporting at a timeframe to be agreed, but no later than in the annual reports;
- Option 2: Option 1 plus the Commission will be regularly involved in the pipeline discussions (list of foreseeable individual operations to be possibly contracted for the next implementation period). Please detail how these discussions will be held, according to the organisational setup of the project.
- Option 3: As soon as possible and at least 45 days before the planned signature of an operation, the Commission will be consulted on each individual operation. Within 30 days, the Commission may

GUIDANCE NOTES FOR AF (01.01.2016)

provide an opinion in relation to the operation funded by the EU, opinion which will be duly taken into account by the financial institution.

- Option 4: Option 3 plus the Commission will be regularly involved in the pipeline discussions (list of foreseeable individual operations to be possibly contracted for the next implementation period). Please detail how these discussions will be held, according to the organisational setup of the project.

The ex-ante consultation foreseen in option 3 is based on a summary note including the main elements of the operation (summary of the project, market opportunity, investment strategy and pipeline, team and/or counterpart analysis, legal structure, value added identification including an ex-ante assessment of expected project results, track record and any other elements that the finance institution considers relevant).

The ex-post information foreseen in option 1 will be provided through the full due diligence note that the FI uses for its decision bodies. If this is not possible, the ex-post information will be provided on the basis of the summary note indicated above for the ex-ante consultation. Please indicate for this option what type of ex-post information will be provided.

The pipeline discussions indicated in options 2 and 4 should be based on the information, insofar as available, listed above for the summary note for the ex-ante consultation.

3.3 Organisation of the accounts

- Describe if the EU contribution will be pooled in a common project account with funds from the Lead FI (or any co-financing institution) or if the funds of the EU contribution will be kept on a separate account where they will not be pooled with other funds. Use flow-charts and/or graphs, if possible.
- Describe the flow of the EU contribution to the entities involved until the final beneficiaries/recipients.

4. Exit strategy

Where an exit strategy is appropriate (for equity, quasi-equity investments etc.) different solutions are possible. The fund/ financing instrument may be wound up and cash returned to either the Commission itself, or to investors. The cash may otherwise be reinvested in alternative instruments *and/* or in certain instances the Commission may agree to transfer the shares to partner countries. The finance institution should propose an exit strategy which can then be discussed with the Commission.

25 Indicative Budget: Project Uses & Sources, detailed description

- In the first part of this section provide information on Uses: this section should add more detailed information to the project components and the amounts indicated in section 20 "Overview of the financing plan".
- In the second part of this section provide information on Sources: this should include information on the main actors providing financing to the project and their planned contribution, such as Commission (EU Blending facility), Lead finance institution, other finance institution(s), partner country's/beneficiary's own contribution, other public (e.g. Governments, municipalities, etc.), mixed or private cofinancier(s) (e.g. commercial banks), other EU and non-EU support. In the "EU Blending

Facility”, indicate the type of Commission’s contributions: Investment grant, Technical assistance, Interest Rate Subsidy¹², Guarantee, Equity or Other. In the following lines, specify the type of financing/contribution, indicating “L” for Loan or “G” for Grant and the main components financed with that amount.

Under “EU additional support”, specify whether additional EU programme is applicable (e.g. National Indicative Programme).

Under non-EU additional support, specify whether non-EU programme/support is applicable (e.g. guarantee provided by World Bank Group).

The figures provided in this section are indicative and may differ from the final ones to be used in the contracting phase.

26 Financing Conditions of financial institutions

Indicate if the financing is ODA or non-ODA eligible, sovereign or non-sovereign. In addition, indicate, if possible), the financial conditions attached to the loans provided by the FIs (loan tenor, grace period and interest rate).

27 Debt sustainability

Describe the following elements of the debt sustainability (N.B. this is only relevant for public sector projects):

- Country Risk rating of public debt distress assigned based on the last Debt Sustainability Assessment (WB/IMF DSA) if available: *low, moderate, high or debt distress*¹³.
- How close is the country to the debt ceiling under the program supported by the IMF (if relevant)?
- How does the sovereign or sub-sovereign loan / guarantee affect the debt sustainability framework?
- How will the grant help in the fulfilment of the concessionality requirement or recommendation by the IMF (if relevant)?

28 Financial Leverage

Three different standard leverage indicators are to be used, and the individual elements of the calculation should be clearly stated in the AF, not just the calculated leverage ratio:

- 1) **Investment leverage ratio** = value of investment (total project cost) divided by total amount of EU blending facility support relating to this investment. This includes investment grants, other financial instruments (e.g. guarantees, interest rate subsidies etc.) and technical assistance.

¹² Amount not to be indicated.

¹³ A list of rating by country is available here: <http://www.imf.org/external/pubs/ft/dsa/dsalist.pdf>.

- 2) **Total finance institution leverage ratio** = amount of finance institution financing divided by total amount of EU blending facility support (as defined above) relating to this investment. Finance institution financing can be in the form of non-concessional, concessional or grant funding.
- 3) **Private sector finance leverage ratio** = amount of private sector (non-grant) financing in the investment project divided by amount of EU blending facility support.

The applicant finance institution should provide an ex ante assessment of leverage across these three ratios in the relevant place in the project fiche. These must be updated ex post in the context of the progress and final reports as the final value of funds mobilised becomes apparent during the life of the project. It is important to emphasise that the individual elements of the calculation should be shown, for each of these ratios, to ensure clarity and not just the calculated leverage ratio.

For the purpose of coherent and transparent reporting, only funds that will be used in the investment project phase to which the grant is attached should count towards the ratio – investments expected in future phases of the project should not be counted unless they are committed at the same time as investments in the present phase. Finance that is provided as a parallel stream of finance but not directly as an input into the project should normally be excluded.

Similarly, additional finance that is mobilised as an indirect result of the project (e.g. as a result of the demonstration effect etc.), even if the time lag is short, should not count towards the leverage ratio.

However, additional finance that is mobilised as a direct result of the project (e.g. additional funding MSMEs can mobilise as a direct result of TA provided) could be included as part of the indicative investment/project size, as indicated below regarding 'pre-investment phase TA'.

In the **case of technical assistance (TA)**, the difference between pre-investment phase TA and investment phase TA should be taken into account in leverage calculations. Pre-investment phase TA comprises projects to enable project identification or preparation as indicated in Section 14, where the precise project size and investment amounts are not yet known. In these cases, leverage can be calculated using indicative investment/project size (based on estimated amounts of project that could flow from the results of this pre-investment phase). It will be reported only for the purpose of indicating the level of total investments such pre-investment phase TA could contribute to. Investment phase TA clearly accompanies an investment commitment.

I.E. With regards to the denominator in all three proposed ratios, the total amount of EU blending facility support should include both the pre-investment phase and investment phase TA, in cases where the pre-investment phase TA has led to concrete investment(s) supported by the Facility.

29 Additionality of the EU contribution

The focus of this section is on the additionality of the EU grant and refers to what the grant will achieve, in terms of benefits or positive results, over and above what would be achieved without the grant. The use of scarce grant funding is clearly justified only when significant additionality is shown for the funding.

GUIDANCE NOTES FOR AF (01.01.2016)

Some types of additionality are quantifiable, and every effort should be made by the finance institutions to do this. Other types may not be quantifiable and these should be addressed in a qualitative manner. Where a qualitative method is chosen, the reasons for this choice should be properly explained and substantiated. Evidence should be provided to support claims of additionality where possible. Additionality is part of the reporting requirements in the context of the subsequent progress and final reports of the project. It is important to bear this in mind when describing the additionality in the AF.

To the extent applicable, each category should be filled out in full, indicating for each type if it is a primary objective (as mentioned in section 19) or accompanying benefit:

Type of Additionality	Questions
Economic	What are the economic benefits of the EU contribution proposed? Why is the proposed EU funding necessary for the operation? Please list the economic benefits/positive externalities that may be realised by the project (or negative externalities avoided) which would not happen without the presence of the grant component, such as addressing market failures and avoiding market distortions.
Financial	What are the financial benefits of the EU's contribution to the project? How will this impact the end beneficiaries? E.g. through broadening access to finance to target groups; lowering end-user tariffs etc.
Social	What are the social benefits of the EU's contribution? E.g. will this help address affordability constraints for low income households etc.
Project Scale	How will the EU funding increase the scale of the project? Will it widen the results of the operation; or extend the benefits to a wider group of end beneficiaries?
Project timing	In what way does the EU funding have a positive effect on the timing of the operation and/or the benefits it is expected to deliver?
Project quality and Standards	How will the grant funding improve the quality of the outcomes expected from the operation? How will the grant funding improve the project's chances of success? How will the grant enable promotion of higher standards (including social and environmental) and more substantial social returns than would otherwise be possible?
Innovation	What are the innovative aspects of the project that could not be generated by or within the target environment without EU support? Why is the proposed innovation important?
Sustainability	Does EU funding help support further or parallel activities to ensure that benefits continue beyond the life of the project? For example does the EU funding contribute to structural reforms, support changes to legislation, regulation or policy? Does the EU finance enable demonstration effects for other participants in the market place?
Environment	What are the environmental benefits of the EU's contribution? Will it ensure that higher environmental standards are achieved?
Other benefits (if applicable)	Please list any other significant benefits (not listed already above) that will accrue to the project as a result of the inclusion of EU funding.

30 Justification of EU contribution (amount)

Your attention is particularly drawn to the importance of this section. Explain thoroughly how the EU contribution amount was determined / calculated, providing a numerical calibration of the contribution amount, where possible.

In addition, the grant justification should make reference to the needs of the macro-economic situation of the partner country, the economic and financial viability of the project, the additionality and the envisaged project impacts, as presented in the respective sections of the AF.

It is important to describe in detail the types of activities to be carried out by the EU funding (figures as outlined in box 23). For TA, this should include a breakdown of planned activities and corresponding costs, even if the costs are indicative and both the breakdown of activities and costs may change.

31 Expected Results

Introduce the values for results indicators that reflect expected outputs and intended outcomes of projects. The term “project” is meant to cover the overall project / operation for which support from the Facilities is sought, regardless of which finance institutions and/or donors are involved in the financing plan and of the co-financing arrangement foreseen (joint co-financing, parallel co-financing). In the case of funds, credit lines and other intermediated operations, finance institutions may report values which are related solely to the finance which is being provided, to avoid overestimation of the results.

Values for these indicators will be presented in the AF based on the following principles:

- Baseline value (X) refers to the value of the indicator without the blended project. Baseline values will reflect the status of the blended project and its indicators as observed normally before the project has started. Baseline values may be “0” at Board opinion stage because they are related to the activities of the blended project (e.g. new water distribution pipelines), while in other cases, baseline values can be values in existence before the blended project, which may change due to the effect of the project (e.g. number of passengers). This is especially the case for brown-field developments and rehabilitation projects.
- Expected value after the project (Y) or “target value” is the specific, planned level of result to be achieved within an explicit timeframe in relation to a predefined baseline. This is usually the value at the time of project completion or for a representative year during the project’s operational phase. Some of the outcomes proposed will evolve over time in the project cycle and if measured at the end of the construction period (start of operation) would not fully reflect the annual increase or final expected benefits. It is therefore requested that baseline and expected value with the project also include a reference to the timeline for expected results. This can be explained in the comments box.
- Expected result (Y-X) is the result to which the project has contributed, simply the expected value after the project minus the baseline. If the baseline value is zero, then expected result should equal expected value after the project.
- Comments should include information on methodologies, data sources, assumptions and time frames used to calculate the figures presented.

Responses such as “not available at this stage” or “will be known only at the end of the project” should be avoided as much as possible, although they may not be completely excluded due to the intrinsic nature of certain projects (e.g. large programs where all components are not yet pre-identified, intermediated operations without pre-identified final beneficiaries, reasons related to the local context etc.).

- **Standard outputs and outcomes**

Values for standard output and outcome indicators due to be measured, should be provided whenever possible, for all projects in a given sector. The relevant indicators corresponding to the sector selected in Section 7 of the AF should be applied here. Standard indicators can be found in Annex V and cover the following sectors: Energy, Transport, Environment (including Water and Sanitation), Social sector and Private Sector Development.

With regards to the private sector development indicators, these are applicable to projects targeting MSMEs. 'Direct operations' indicators should only be applied to projects targeting MSMEs directly (i.e. not through financial intermediaries). 'Indirect operations' indicators should be used for operations targeting MSMEs through financial intermediaries such as banks, micro-finance institutions, private equity and investment funds. Any other operations involving the private sector should utilise the indicators for the relevant priority sector (energy, transport, environmental or social). 'Indirect operations' indicators may optionally be used in addition to other priority sector indicators for operations through financial intermediaries (e.g. energy finance facilities through local banks).

There is some flexibility in the use of these standard indicators (e.g. where the necessary information to complete certain indicators is unavailable due to the type of operation or where the client doesn't use the same indicators and there is no reasonable alternative source of data, etc.). In these cases, alternative indicators which may be available during the project cycle should be proposed and will be treated as "project specific indicators". Such values are to be provided when available.

Outputs are specific, direct deliverables of the project (i.e. goods and services delivered or to be delivered) which will provide the conditions necessary to achieve the Outcome. They refer to the "physical" project itself.

Outcomes are the uptake or use of the project by beneficiaries, implying a quantification of performance. They refer to the effects of the project.

An output typically is a change in the supply of goods and services (supply side) whereas an outcome reflects changes in the utilisation of goods and services (demand side).

- **Project specific indicators**

Project specific indicators can be introduced at both output and outcome level to complement the standard indicators in providing an overall view of the major results of the project. There is a certain degree of flexibility in adopting alternative indicators which may be available at any time during the project cycle and will be treated as "project specific indicators".

Finance institutions are particularly encouraged to introduce indicators in this section relating to indirect employment benefits if they are able to do so.

- **Cross sector indicators**

Values for each of the cross sector indicators are to be provided, although they may not apply to every blended project in light of the diverse nature of i) interventions, ii) policy objectives of the EU facilities and iii) mandates of DFIs.

Definitions applicable to the indicators are provided below. Due to differences among FIs in the methodology used to calculate the indicators, FIs should indicate the methodology used, providing the

necessary explanation on the definition and measurement methodology being applied, including underlying assumptions.

Definitions and remarks on cross sector indicators:

Total number of beneficiaries:

Definition: estimated number of people with improved access to services (financial services, social and economic infrastructure, etc.)

The “number of beneficiaries” remains the most common denominator to highlight the overall outreach of the blending interventions across all sectors. Being a key design parameter for most interventions, data on the number of beneficiaries should be readily available, at least for infrastructure projects - ex-ante from Feasibility Studies, etc. as well as ex-post from the implementing partners and operators. A particular case can be made to allow for distinguishing between individuals and MSMEs, the latter being highly relevant for certain credit lines, etc. (unless this is already being captured by the respective standard sector indicators).

Number of beneficiaries living below the poverty line (i.e. whose living conditions are improved by the project)

This indicator is intended to demonstrate the project’s contribution to poverty alleviation. The indicator applies for projects financed by EC Instruments whose primary objective is to address poverty (e.g. DCI, EDF). The use of the indicator is strongly encouraged for other projects too.

The preferred method for the calculation of this indicator will be to multiply the total number of beneficiaries by the known incidence of poverty among the beneficiaries (expressed as a percentage). More detailed methods of calculation may exist and finance institutions should strive to produce as accurate a figure as possible. Further categorisation of the target group at the level of cross-sector indicators (e.g. by gender, age, income/poverty level) should be done whenever possible.

Definition: sub-group of total beneficiaries living below the poverty line. National or international poverty lines can be used to calculate this indicator; if more accurate data exists at sub-national or local level, then finance institutions should seek to use this. Methodology and data sources used should be detailed in the application form.

In line with overall EU policy objectives, the aim of this indicator is to report on the poverty level of the beneficiaries, and therefore reflect the socio-economic benefits achieved through blending. Data on the poverty incidence among the beneficiaries should be available through national or international data, tariff studies, demand assessments, etc.

Some projects are expected to affect poverty indirectly, rather than directly (e.g. investments to improve ports / airports). In these circumstances, there should be an assessment of the likely indirect impact on poverty which should be backed up where possible, by evidence. This can be included in the narrative description of the expected impact.

Aggregation of results within a given intervention should take into consideration that different methodologies may be used as well as the risk of double counting.

Relative (net) Greenhouse gas emissions impact

The assessment of this indicator should provide comparability of projects, while allowing finance institutions to apply their own procedures. The GHG emissions impact assessment will be further discussed as part of

GUIDANCE NOTES FOR AF (01.01.2016)

the work of the EU Platform for Blending in External Cooperation (EUBEC), and as part of further discussions on reporting and communication.

Definition: The GHG emissions impact that a project is expected to produce on an annual basis: the average amount of GHG emissions induced, avoided, reduced or sequestered per year by a project during its lifetime, or alternatively for a representative year once it is completed and operating at normal capacity. To estimate the GHG emissions impact, the finance institution will calculate the expected change in GHG emissions relative to a baseline scenario.

In the absence of harmonised methodologies, finance institutions may use their internal methodologies and report on points 1-4 explained below in section 31 of the project submission form, providing in the comments section explanation of methodologies, data sources, assumptions and time frames used to calculate the figures presented (including EFIs GHG methodology or other published methodology for GHG assessment):

1) Impact category

Indicate in the comments box, at the provisional and final opinion stages, which of the four categories is expected to apply to the project:

- **“Mitigation”:** If the project’s principal objective is climate change mitigation, then the GHG emissions impact needs to be assessed and reported regardless of the expected magnitude of the result. For small projects or multicomponent projects where no carbon foot printing data is available, approximate estimates should be included with a reference to the source data (e.g. sector averages) and methodology.
- **“High gross emissions”:** If project activity is potentially leading to gross emissions (due to construction and operation phases) estimated to be higher than 100 ktCO₂eq/year¹⁴ over its lifetime, then the overall GHG emissions impact of the project is likely to be significant. Therefore the GHG emissions impact needs to be estimated and reported for these projects.
- **“Significant relative (net) GHG emissions impact”:** If the relative (net) GHG emissions impact is estimated to be higher than 20 ktCO₂eq/year, then the project’s impact is considered significant and GHG emissions impact estimates must be provided.
- **“Insignificant relative (net) GHG emissions impact”:** If the relative (net) GHG emissions impact is estimated to be between 0 and 20 ktCO₂eq/year, then the project’s impact on GHG emissions is considered insignificant. For such projects, approximate estimates should preferably be included with a reference to the source data (eg sector averages) and methodology. Estimated baseline and expected result figures as outlined in points 2-4 are not necessary, but as a minimum the comments section should clearly indicate the basis for assuming insignificant GHG impact.

2) Estimate baseline emissions: X ktCO₂eq/year

Indicate in the baseline column the baseline GHG emissions amount. Determine baseline emissions using a baseline scenario. This may be either a “without project scenario”, or an “alternative scenario” reflecting the likely alternative means of achieving the same project outcomes or level of service. Indicate the methodology for baseline scenario used in the comments box.

¹⁴ All thresholds used in these guidelines may be lowered at later stage to capture a representative sample of emissions from the portfolio of the blending facilities.

3) Estimate gross emissions: Y ktCO₂eq/year

Indicate the project's estimated gross emissions in the "Expected value with the project" column. Gross GHG emissions are the GHG emissions that might result from the project activity over its lifetime. This impact is presented as GHG emissions expected to be produced on an annual basis: either an average amount of GHG emissions induced per year by the project during its lifetime or the amount for a representative year once the project is completed and operating at normal capacity. Clarify in the comments box: (a) the project parameters for GHG accounting (activities, facilities, infrastructure, or system), (b) whether the values provided include direct (Scope 1), indirect (Scope 2) and/or upstream/downstream (Scope 3) GHG emissions, and (c) whether the values include emissions due to construction phase.

4) Calculate net emissions impact = $Y - X$ ktCO₂eq/year.¹⁵

Indicate the project's estimated relative (net) GHG emissions impact in the "Expected result" column (a saving should be shown as a negative figure).

5) Comments section must include reference to EFIs GHG methodology or other published methodology for GHG assessment.**Direct employment - Construction phase**

Definition: Number of full-time equivalent construction workers employed for the construction of the company or project's hard assets during the construction phase. This indicator will only be measured whenever possible, and in line with the different FI methodologies; it should not include indirect employment during construction. Part-time jobs for construction are converted to full-time equivalent jobs on a pro rata basis, based on local definition (e.g., if working week equals 40 hours, a 24 hr/week job would be equal to 0.6 FTE job; a full-time position for three months would be equal to a 0.25 FTE job if the reporting period is one year). If the information is not available, the rule-of-thumb is two part-time jobs equal a full-time job. Note: employment for the client company's operations and maintenance is not to be included in this indicator. For such jobs, use the indicator Direct Employment - Operations and Maintenance.

Direct employment - Operations and maintenance

Definition: Number of full-time equivalent employees as per local definition working for the client company or project during the project's operation phase. This indicator will only be measured whenever possible, and in line with the different FI methodologies. This indicator includes directly hired individuals and individuals hired through third party agencies as long as those individuals provide on-site services related to the operations of the client company; it should not include indirect employment related to the project's operation. Also, this 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, based on local definition (e.g., if working week equals 40 hours, a 24 hr/week job would be equal to 0.6 FTE job). Seasonal or short-term jobs are prorated on the basis of the portion of the reporting period that was worked (e.g., a full-time position for three months would be equal to a 0.25 FTE job if the reporting period is one year). If the information is not available, the rule-of-thumb is two part-time jobs equal a full-time job. Note: employment for the purpose of the construction of the client company's fixed assets is not to be included in this indicator. For such jobs, use the indicator Direct Employment - Construction Phase.

Both employment indicators may also be reported using the current practices and methodologies applied by finance institutions (*in which cases the methodology used is to be made transparent*).

¹⁵ Or different methodology for specific sectors (e.g. electricity networks).

- **Expected impact**

Expected impact should be described in a narrative manner, based on assumptions about the link between outcomes and impact. One key impact expected is on poverty alleviation. Impact is meant as the long-term effects produced by the blended project. It is the broader, longer term change, which a blended project can (directly or indirectly) bring. Impact indicators are more difficult to measure and collect, because of the time lag between project implementation and impact, or because of the difficulty of tracking the effect of the blended project on the impact indicator.

Indicate in particular in this section if the project is directly or indirectly promoting substantial social returns and its poverty alleviation impact, plus any cross border impacts of the project.

FIs in most cases will not be required to attempt to measure the long term effects produced by the blended project on a systematic basis, since it is widely agreed that long term impacts usually only materialise (well) after the end of the project and are typically difficult and expensive to monitor and measure. However, FIs will have to clearly state the impact assumptions they are making when they formulate a project proposal.

32 Project Sustainability

- Describe under which conditions the project will be sustainable when the grant support expires.
- Describe any incentives that could be necessary to enhance the sustainability of the project.
- In the case of technical assistance, refer also to how the project leads to an investment, as well as whether its results can be transferred to other sectors or geographical areas. Describe the project sustainability in relation to environmental and social aspects.
- Describe how the maintenance of the project will be ensured during the project implementation and operation (if relevant)?
- If possible negative impacts are identified, propose respective mitigation measures in section 33 - Risk assessment.

33 Risk Assessment

Identify the project related risks and the way these risks will be mitigated. Assess how seriously the identified risk might influence the project: high (H), medium (M) or low (L). Indicative max characters 4,000 including spaces.

Provide information about the following risk categories:

- Political risks (will also be assessed by the EEAS - External European Action Service - and the Commission in cooperation with the EU Delegations concerned)
- Economic risks
- Financial risks (this should be linked to both the financing plan and entities involved in the implementation scheme as detailed in the AF): The description should focus on the following elements: (i) credit and currency risk of the beneficiaries; (ii) risks linked to partner finance institutions (intermediaries); (iii) in risk sharing operations- there are several additional elements, notably the percentage of the expected and unexpected losses covered by EU funds, the period covered by the risk

sharing operations, the link between the size and use of EU grant requested and losses or other risks taken.

- Social risks
- Environmental risks (direct climate risk issues are addressed in section 32)
- Implementation risks, including risks related to project outputs not leading to intended outcomes and impact.
- Other risks: describe any other risks identified. Indirect risks in any of the above sections resulting from climate change impacts can also be referenced here, if significant.

34 Climate and Environment Rio markers¹⁶

Describe the following aspects related to climate change mitigation and/or climate resilience/adaptation:

34.1 Financial tracking

Currently there is no consensus among the finance institutions on a common approach to climate finance reporting, i.e. positive lists/design criteria versus Rio Marker based tracking. Therefore the tracking of climate finance should remain as flexible as possible and allow finance institutions to apply their own procedures, but at the same time allow the Commission to track climate expenditure as it does for the whole EU budget, using a Rio Marker based methodology (RM2 – 100% of EU contribution recorded as climate finance); RM1 – 40% of EU contribution recorded as climate finance). Climate finance tracking and methodology will be further discussed as part of the work of EUBEC (see background), and as part of further discussions on reporting and communication. In the meantime the following procedure should be applied – for both the 'EU contribution' and the 'EFI contribution', either:

- Specify the cost of project components with the principal objective of climate change mitigation/adaptation by indicating an amount in the corresponding box – RM2. The same project cost can only be attributed once. Therefore, a project or project component contributing both to mitigation and adaptation should have the cost split between mitigation/adaptation without double counting, and including an explanation of the FI methodology in the comments section
- Alternatively, specify (by putting an “X” in the corresponding box) if the contribution to climate change mitigation/adaptation is (1) the principal objective of the project (RM2) or (2) a significant objective of the project (RM1). Note that the project may contribute to both mitigation and adaptation objectives.

Definitions:

Rio markers for mitigation: <http://www.oecd.org/dac/stats/46782000.pdf>

Rio markers for adaptation: <http://www.oecd.org/dac/stats/45303527.pdf>

Project versus project components: If the EU grant is focused on a specific climate action which may not be the case for the whole project, then the FI should indicate the RM for the project component

¹⁶ See Annex VI.

GUIDANCE NOTES FOR AF (01.01.2016)

financed by the EU grant separately from the project: for example, even if only part of the investment project is counted as RM2, but the grant is used for an energy audit on the project, then the EU grant may be identified as RM2 for mitigation. For example, a climate vulnerability assessment financed by an EU grant may be identified as RM2 for adaptation even if the project as a whole is marked RM1 or only a part of it is counted as RM2. This distinction should be clearly linked to the project element or activity listed in box 32 under “Description of climate relevant project activities”.

34.2. Project objectives contributing to climate change mitigation and/or adaptation

If the project as a whole or part of the project is relevant for climate change mitigation or adaptation, its climate related objectives should be explained here. Describe briefly in qualitative terms how the EU contribution and the project respectively will help attain the climate related objectives.

34.3 Description of climate relevant activities

Describe the project components and/or activities contributing to climate change mitigation and/or adaptation. If available and relevant, indicate definitions/benchmarks used to classify these project components or activities as climate action. For mitigation projects or projects including mitigation elements, describe why/how the project would decrease GHG emissions in comparison to a reference/baseline. For adaptation projects or projects including adaptation elements, describe how key climate vulnerabilities are addressed – starting with where and how these have been identified and which climate change impacts are identified as the highest risk. Include the context of climate change data used to establish these key vulnerabilities: indicate how the project components or activities will increase the climate resilience of the communities, city, infrastructure, or ecosystem and reduce key vulnerabilities (soft and hard adaptation activities and elements should be included).

34.4 Alignment with/support to national or sub-national climate change strategies

Does the project support development or implementation of a national / regional Low-Emission Development Strategy (LEDS), a Nationally Appropriate Mitigation Action plan (NAMA), a National Adaptation Plan (NAP) and/or any sub-national climate change policies and action plans (local authorities level, corporate level, community level)?

34.5 Climate change project risks and measures to reduce vulnerability

Provide information on how the project has been screened for risks from climate change impacts that may have negative effects on the project’s operation, maintenance, financial and physical sustainability or other effects during its lifetime. Indicate whether: (a) a cross sector vulnerability assessment has been carried out at planning stage and, if not, how the technical/financial/operational risks of climate impacts have been addressed; (b) the country and project beneficiary has sourced and received appropriate and useful climate data support to enable decision making on these aspects (if further work is still needed to address climate risks in the project and the system in which it sits, highlight those further needs and actions); (c) how the results and findings of the vulnerability screening and assessments have been incorporated into the project, by hard or soft measures including changes in technical standards, changes in warning systems and operations, and other (e.g. insurance).

GUIDANCE NOTES FOR AF (01.01.2016)

34.6 Less carbon intense and more climate resilient alternative solutions considered

Analyse climate change potentials. Clarify if less carbon intense or renewable, more efficient or climate resilient solutions have been explored. There may be a risk that the project could decrease climate resilience of surrounding communities, infrastructure, or ecosystems compare to a baseline alternative. In these cases, describe the expected negative impacts, the approach to reduce/manage these and indicate if a renewable or less carbon intense alternative option has been considered. If a shadow carbon price was used in the economic Cost-Benefit Analysis (CBA), describe the level of the shadow carbon price used and if an absolute increase in value per year was used in the economic CBA.

34.7 Indirect climate change mitigation impact assessment (if applicable)

Describe and, if possible, estimate the indirect/longer term impact on mitigation e.g. through replication, market transformation, technology transfer, enabling environment, etc.

NB: Direct climate change mitigation impacts are reported in section 31

35 Indicative Project Calendar

Provide dates on the specified in the table milestones of the project in the form of number of Quarter of the year e.g. Q1 2015. In the case of dates of approval by EFIs Boards, provide the exact date (where available) in the following format DD/MM/YYYY.

Provide also the anticipated/ confirmed date for the project's environmental and social impact assessment.

In addition, the Commission and the Lead FI should discuss and jointly agree upon the following two dates:

- i) conclusion of the Delegation Agreement (DA) with the Lead FI and
- ii) conclusion of the EU Financing Agreement (FA) with the partner country, if applicable. Although the Lead FI will not sign the FA, it will be consulted during the preparation/negotiation of the FA.

End of activities financed by the EU grant: enter a date when the project's core activities, financed by the EU grant, shall end (e.g. works have been performed, supplies have been delivered or services have been provided).

36 Description of procurement procedure

Provide an overview of the planned tendering process for the EU grant component (if relevant), including the name(s) of the contracting authority(ies) (e.g. local authority(ies), lead FI) and the applicable procurement rules.

- Indicate all (if several different ones will be used) the procurement procedures applicable to the implementation of all the projects components.
- Indicate when (e.g. Q4 2014) and where the tender details including tender documents will be published.

Example:

All contracts implementing the project must be awarded and implemented by open international tender or other acceptable procurement procedure complying with the procurement rules of the UNDP and other international standards, and in any case being in full compliance with EU regulations and to the FIs' satisfaction. The Lead FI will monitor the tender and award procedure in accordance with its internal procedures.

- Indicate how domestic preferences (if any) are tackled.

37 Monitoring, reporting and evaluation

Monitoring, Reporting and Evaluation set up

- The section should include key information on project monitoring and reporting as well as evaluation cycle.
- Describe, when relevant, the *modus operandi* for the implementation of the monitoring process

Below is specified a set of best practices/recommendations which should apply in the project preparation and implementation phase in order to ensure more frequent and more effective co-operation with EU project managers (in EU Delegations and EU Headquarters).

➤ **Preparation of the project**

- *First exchange between the Lead FI and the EU Delegation/HQ on the preparation of the Project.*
- *Discussion on the communication and visibility action plan (including: review of the proposed plan and potential updates/changes in the plan, identification of implementation modalities).*

➤ **Start of the project/ Contract signature**

- *Meeting between the Lead FI and the EU Delegation/HQ for the presentation by the Lead FI of the "roadmap of the project" (e.g. monitoring missions)*
- *Discussion about the extent of the involvement of the EU Delegation/HQ*
- *Discussions on the set-up, functioning and role of project management meetings (e.g. steering committee or project review group)*
- *Agreement on frequency of informal exchange of information*
- *Kick off meeting (with the partner country authorities/beneficiaries, if applicable).*

➤ **Implementation**

- *Submission of the regular progress report by the Lead FI to the EU Delegation/HQ (as required by the Agreement signed between the Commission and the Lead FI.*
- *Meeting between the Lead FI and the EU Delegation/HQ to exchange comments, if possible*
- *Project management meetings (e.g. project review group, if relevant).*

➤ **Audit**

- *Audit should be carried out in accordance with the general conditions of the contract signed between the Commission and the Lead FI/ Partner country and in line with the Lead FIs applicable procedures for Audit.*

➤ **Main pre-conditions**

- *If identified, indicate pre-conditions and conditions that would apply to the EU contribution to the project (e.g. the loan conditions if they impact the project implementation/ schedule/ payments; conditions to implementation/ pre-financing disbursement if requested by the Operational Board).*

38 Visibility

The Communication and Visibility Plan should be included in Annex IV of the AF. It should be a proposal from the FI (max. 1 page) which should include as much detail as possible at this stage of the project. No general template is necessary.

39 Contacts

Provide contact details of the project manager in your institution, the reference person in the EU DEL (national projects) / DEVCO geographical units (regional projects) and the representative of the Partner Country Authority or the Private partner (whenever possible), taking into account any restrictions imposed by banking regulations, confidentiality and compliance issues etc.

40 Date of submission and Name of submitting person

No specific comment.

ANNEXES

Annex I. Key requirements checklist

Ensure that this annex is as complete as possible.

Annex II. Project map

In order to gain a better insight of the project, especially for transport projects, it is highly recommended to provide a map to show the project impact in the country/region.

Annex III. Public description of the project

Provide a summary of the project - for public display, i.e. press release or annual report.

The objective is that this public description is uploaded to the public websites of the respective Blending Facilities in a timely manner after the final positive opinion, to allow quick and transparent information to all stakeholders, including private sector companies. Include any available information on the project location such as maps.

E.g.: Context of the project (section 21), main objectives (19), most important activities /aspects of implementation scheme (24), expected main results/benefits (31), most important aspects of value added (29), info on visibility (37). (Length: half a page to one page).

Annex IV. Estimated breakdown of TA costs (if applicable)

Annex V. Communication and Visibility Plan

Example provided in Annex C5g of the Pagoda blending:

<http://ec.europa.eu/europeaid/companion/annexes.do?chapterId=19>

and on the Communication and Visibility Manual for European Union External Actions:

https://ec.europa.eu/europeaid/sites/devco/files/communication_and_visibility_manual_en_0.pdf

The information provided is indicative only and will not be use in the contracting phase.

Annex VI. General Policy objectives

The marker system facilitates monitoring and co-ordination of Members' activities in support of DAC policy objectives for aid, including key elements of the Millennium Development Goals (MDGs). These cover the areas of economic well-being, social development, environment sustainability and regeneration and democratic accountability, protection of human rights and the rule of law.

GUIDANCE NOTES FOR AF (01.01.2016)

Some of the MDGs are clearly sector-focused (e.g. universal primary education, reduction of maternal mortality rate), and the CRS sector classification gives the necessary detail to collect data on aid activities in these fields. Certain aspects of environmental sustainability can likewise be captured through purpose codes (e.g. specific activities for environmental policy and planning, biosphere protection, biodiversity conservation and hazardous waste management). However, activities across all economic sectors can be targeted to environmental sustainability. Gender equality measures are applied in various sectors. To identify these activities, the following markers have been defined: gender equality, aid to environment, and participatory development/good governance (PD/GG).

Data collection on the policy objectives of aid is based on a marking system with three values:

- main objective
 - significant objective
 - not targeted to the policy objective.
1. Main (primary) policy objectives are those which can be identified as being fundamental in the design and impact of the activity and which are an explicit objective of the activity. They may be selected by answering the question "would the activity have been undertaken without this objective?"
 2. Significant (secondary) policy objectives are those which, although important, were not the prime motivation for undertaking the activity.
 3. Not targeted means that the activity was examined but found not to target the policy objective.

Coverage

Policy objective markers should be applied to all bilateral aid excluding administrative costs. In other words, they will cover both sector-allocable and non-sector-allocable aid. Similarly, they cover all forms of aid (e.g. investment projects, technical co-operation).

1) Participatory Development/Good Governance (PD/GG)

An activity should be classified as PD/GG-oriented (score Main or Significant) if it is intended to enhance elements of participatory development, democratisation, good governance and the respect of human rights.

- a) The objectives are explicitly promoted in activity documentation; and
- b) The activity contains specific measures to promote one or several of the PD/GG aspects defined as follows:
 - Participatory development, i.e. establishing new systems, structures or institutions through which groups, communities or people in a country can play an active and influential role in shaping decisions that affect their lives.
 - Democratisation, which integrates participation and pluralism, including the right of opposition, into the political life of the country and provides a basis for legitimacy of the government.
 - Good governance, i.e. the accountability, efficiency, and effectiveness of the official sector, an independent judiciary as well as the rule of law, and effective, responsible and equitable administration at all levels of government.
 - Human rights, i.e. actions specifically designed to strengthen the respect for, and to facilitate the implementation of, internationally agreed human rights.

GUIDANCE NOTES FOR AF (01.01.2016)

Examples of typical activities:

- Civil service reform; support to labour unions, workers. Education programmes, combating child labour; support to police forces, customs.
- Education and training programmes; decentralisation programmes.

2) Aid to Environment

An activity should be classified as environment-oriented (score Main or Significant) if:

- a) It is intended to produce an improvement, or something that is diagnosed as an improvement, in the physical and/or biological environment of the recipient country, area or target group concerned; or
- b) It includes specific action to integrate environmental concerns with a range of development objectives through institution building and/or capacity development.

Examples of typical activities:

- Social infrastructure and services: Water resources protection; water resources policies and water management that take into account environmental and socio-economic constraints, sanitation or waste management practices that brings environmental benefits.
- Economic infrastructure and services: Infrastructure projects designed with comprehensive and integrated environmental protection and management components; activities promoting sustainable use of energy resources (power generation from renewable sources of energy); energy conservation.
- Production sectors: Sustainable management of agricultural land and water resources; sustainable forest management programmes, combating land degradation and deforestation; sustainable management of sea resources; adoption and promotion of cleaner and more efficient technologies in production processes; measures to suppress or reduce pollution in land, water and air (e.g. filters); increasing energy efficiency in industries; sustainable use of sensitive environmental areas for tourism. (Sustainable natural resources management is a combination of management practices that have been planned and selected on the basis of interdisciplinary and participatory assessment of ecological, social and economic impacts of alternative management options, and resolution of possible conflicts or disputes concerning the significance and acceptability of the impacts of the proposed management alternatives).

This marker is automatically specified as main or significant if one of the Rio markers (below) is marked as main or significant.

3) Gender equality (including WID)

An activity should be classified as gender equality focused (score Main or Significant) if:

It is intended to advance gender equality and women's empowerment or reduce discrimination and inequalities based on sex;

Gender equality is explicitly promoted in activity documentation through specific measures which:

- a) Reduce social, economic or political power inequalities between women and men, girls and boys, ensure that women benefit equally with men from the activity, or compensate for past discrimination; or
- b) Develop or strengthen gender equality or anti-discrimination policies, legislation or institutions.

Examples of activities that could be marked as main objective:

GUIDANCE NOTES FOR AF (01.01.2016)

- legal literacy for women and girls;
- male networks against gender violence;
- a social safety net project which focuses specifically on assisting women and girls as a particularly disadvantaged group in a society;
- capacity building of Ministries of Finance and Planning to incorporate gender equality objectives in national poverty reduction or comparable strategies.

Such activities can target women specifically, men specifically or both women and men.

Examples of activities that could be marked as significant objective:

- activity which has as its main objective to provide drinking water to a district or community while at the same time ensuring that women and girls have safe and easy access to the facilities;
- a social safety net project which focuses on the community as a whole and ensures that women and girls benefit equally with men and boys.

4) Trade Related Assistance

An activity should be classified as trade development-oriented (score Main or Significant) if it is intended to enhance the ability of the recipient country to:

- a) formulate and implement a trade development strategy and create an enabling environment for increasing the volume and value-added of exports, diversifying export products and markets and increasing foreign investment to generate jobs and trade; or
- b) stimulate trade by domestic firms and encourage investment in trade-oriented industries.

Examples of typical activities:

- Business support services and institutions: establishment of business partnerships; investment climate assessments; assisting exporters in developing countries in locating potential importers worldwide; training package providing tools and materials regarding operational legal aspects of e-commerce.
- Trade finance: Feasibility study on a pilot export development fund, innovative trade-related finance for SMEs.
- Production and service sectors: support to fruit and vegetable marketing; increase the international competitiveness of SMEs active in textile and clothing sector, through increase of their productivity.

N.B. The trade development marker is not defined to cover all aspects of "Aid for Trade". It is restricted to activities recorded under codes 24xxx, 25010, 311xx, 312xx, 313xx, 321xx and 33210 (business rule).

Other components of "Aid for Trade" are captured separately through a number of sector codes.

5) Reproductive, maternal, newborn and child health (RMNCH)

An activity should be classified as RMNCH related if it enables the following objectives:

- Prevent unintended pregnancies by enabling women and girls to choose whether, when and how many children they have
- Ensure pregnancy and child birth are safe for mothers and babies
- Promote child health (up to year 5)

Typical activities take place in the areas of:

- Health
- Gender/ Inclusion
- Vocational training

The activity should contribute to:

- a) Empowerment of women and girls to make healthy reproductive choices and act on them;
- b) Removal of barriers that prevent access to quality services, particularly for the most vulnerable population groups;
- c) Expansion of the supply of quality services, delivering cost effective interventions for contraception, family planning, linking HIV/RMNCH services, safe abortion, antenatal care, safe delivery and emergency obstetric care, postnatal and newborn care – through stronger health systems with public and private providers;
- d) Scaling-up of, and training programs for, reproductive health providers;
- e) Enhancement of accountability for results at all levels with increased transparency.

Annex VII. Rio Convention Markers

The Rio markers allow for the identification of activities that target the objectives of the three Rio Conventions:

- United Nations Convention on Biological Diversity (UNCBD);
- United Nations Framework Convention on Climate Change (UNFCCC) and
- United Nations Convention to Combat Desertification (UNCCD).

They are targeted:

- automatically by the system according to the selected DAC code
For example, when the Code sector is 41030, the RIO marker biological diversity is selected as main objective
- manually by the user.

If one of the Rio markers is specified as main or significant by the user, the marker 'Aid to environment' (above) will also be specified as main or significant automatically.

1) Biological diversity

An activity should be classified as bio-diversity related (score Main or Significant) if:

It promotes at least one of the three objectives of the Convention: the conservation of bio-diversity, sustainable use of its components (ecosystems, species or genetic resources), or fair and equitable sharing of the benefits of the utilisation of genetic resources.

The activity contributes to

- a) protection or enhancing ecosystems, species or genetic resources through insitu or ex-situ conservation, or remedying existing environmental damage; or
- b) integration of bio-diversity concerns with recipient countries. Development objectives through institution building, capacity development, strengthening the regulatory and policy framework, or research or
- c) developing countries. efforts to meet their obligations under the Convention.

GUIDANCE NOTES FOR AF (01.01.2016)

The activity will score "main objective" if it directly and explicitly aims to achieve one or more of the above three criteria.

Examples of typical activities:

Typical activities take place in the sectors of:

Integration of biological diversity concerns into sectoral policy, planning and programmes, e.g.:

- Water and sanitation: Water resources protection and rehabilitation; integrated watershed, catchment and river basin protection and management;
- Agriculture: Sustainable agricultural and farming practices including substitution of damaging uses and extractions by out-of-area plantations, alternative cultivation or equivalent substances; integrated pest management strategies; soil conservation; in-situ conservation of genetic resources; alternative livelihoods;
- Forestry: Combating deforestation and land degradation while maintaining or enhancing biodiversity in the affected areas;
- Fishing: Promotion of sustainable marine, coastal and inland fishing;
- Tourism: Sustainable use of sensitive environmental areas for tourism.

2) Combat desertification

An activity should be classified as desertification- related (score Main or Significant) if:

It aims at combating desertification or mitigating the effects of drought in arid, semi-arid and dry sub-humid areas through prevention and/or reduction of land degradation, rehabilitation of partly degraded land, or reclamation of desertified land.

The activity contributes to:

- a) protecting or enhancing dryland ecosystems or remedying existing environmental damage; or
- b) integration of desertification concerns with recipient countries' development objectives through institution building, capacity development, strengthening the regulatory and policy framework, or research; or
- c) developing countries' efforts to meet their obligations under the Convention.

The activity will score 'main objective' if it directly and explicitly relates to one or more of the above criteria, including in the context of the realisation of national, sub-regional or regional action programmes.

Examples of typical activities in the sectors of water and sanitation, agriculture and forestry:

- Integration of action to combat desertification and land degradation into sectoral policy, planning and programmes (e.g. agricultural and rural development policy, plans and programmes);
- Rehabilitation of land, vegetation cover, forests and water resources, conservation and sustainable management of land and water resources;
- Sustainable irrigation for both crops and livestock to reduce pressure on threatened land; alternative livelihood projects;
- Development and transfer of environmentally sound traditional and local technologies, knowledge, know-how and practices to combat desertification, e.g. methods of conserving water, wood (for fuel or construction) and soil in dry areas.

3) Climate change mitigation

An activity should be classified as climate-change-related (score Main or Significant) if:

GUIDANCE NOTES FOR AF (01.01.2016)

It contributes to the objective of stabilisation of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration.

The activity contributes to:

- a) the mitigation of climate change by limiting anthropogenic emissions of GHGs, including gases regulated by the Montreal Protocol; or
- b) the protection and/or enhancement of GHG sinks and reservoirs; or
- c) the integration of climate change concerns with the recipient countries' development objectives through institution building, capacity development, strengthening the regulatory and policy framework, or research; or
- d) developing countries' efforts to meet their obligations under the Convention.

The activity will score "main objective" if it directly and explicitly aims to achieve one or more of the above four criteria.

Examples of typical activities in the sectors of water and sanitation, transport, energy, Agriculture, Forestry and industry:

- GHG emission reductions or stabilisation in the energy, transport, industry and agricultural sectors through application of new and renewable forms of energy, measures to improve the energy efficiency of existing generators, machines and equipment, or demand side management.
- Methane emission reductions through waste management or sewage treatment.
- Development, transfer and promotion of technologies and know-how as well as building of capacities that control, reduce or prevent anthropogenic emissions of GHGs, in particular in waste management, transport, energy, agriculture and industry.
- Protection and enhancement of sinks and reservoirs of GHGs through sustainable forest management, afforestation and reforestation, rehabilitation of areas affected by drought and desertification.

4) Climate change adaptation

An activity should be classified as adaptation-related (score Main or Significant), if:

- It intends to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience.
- This encompasses a range of activities from information and knowledge generation, to capacity development, planning and the implementation of climate change adaptation actions.

An activity is eligible for the climate change adaptation marker if:

- a) the climate change adaptation objective is explicitly indicated in the activity documentation; and
- b) the activity contains specific measures targeting the definition above. Carrying out a climate change adaptation analysis, either separately or as an integral part of agencies' standard procedures, facilitates this approach.

Examples of typical activities:

The list is not exhaustive. The activities may be scored against the objective only if the above criteria for eligibility are fulfilled.

1) Examples of typical enabling activities for adaptation:

- Environmental policy and administrative management (sector 41010): Supporting the integration of climate change adaptation into national and international policy, plans and programmes; Improving regulations and legislation to provide incentives to adapt;

GUIDANCE NOTES FOR AF (01.01.2016)

- Environmental research (sector 41082): Adaptation-related climate research including meteorological and hydrological observation and forecasting, impact and vulnerability assessments, early warning systems, etc.
- Environmental education / training (sector 41082): Education, training and public awareness raising related to the causes and impacts of climate change and the role of adaptation.

2) Examples of typical sectorial activities:

- Health (Sector 120): Implementing measures to control malaria in areas threatened by increased incidence of diseases due to climate change.
- Water and sanitation (Sector 140): Promoting water conservation in areas where enhanced water stress due to climate change is anticipated.
- Agriculture (Sector 311): Promoting heat and drought resistant crops and water saving irrigation methods to withstand climate change.
- Forestry (Sector 312): Promoting a diverse mix of forest management practices and species to provide a buffer against uncertainties of climate change.
- Fishing (Sector 313): Promoting changes in fishing practices to adapt to changes in stocks and target species. Introducing flexibility in the gear that is used, the species that are fished, the fishing areas to be managed, and the allocations that are harvested.
- Flood prevention/control (Sector 41050 - under General Environmental Protection) : Implementing measures for flood prevention and management such as watershed management, reforestation or wetland restoration.
- Disaster prevention and preparedness (Sector 740) : Developing emergency prevention and preparedness measures including insurance schemes to cope with potential climatic disasters. Implementing measures to respond to glacial lake outburst flood risk, such as the creation or improvement of early warning systems and widening or deepening of glacial lake outlet channels.

Annex VIII. Questions to guide assessment

(Not to be filled, for double checking purpose only)

Section	Questions for last checking
21	Context of the project <ul style="list-style-type: none"> • Is the need of carrying out the project well justified? • Is the financial gap well justified; is there insufficient funding from market sources? • Is there compliance with main national/regional policies in the concerned sector or thematic area? • Is the project consistent with the National/Regional/Continental Development Strategy? • Is there clear ownership/support of the project from national/regional authorities?
22	Coherence with the policy objectives of the Facility and EU policies <ul style="list-style-type: none"> • Is the project proposal coherent with the policy objectives of the Facility • Is the project proposal coherent with the EU policies? • Are there similar planned or on-going projects in the country/sector? If so, is the coordination mechanisms to be used explained?
23	Consultations before submission <ul style="list-style-type: none"> • How was the EU Delegation involved in the project preparation? • What kind of consultation process has taken place with the national/regional authorities?

GUIDANCE NOTES FOR AF (01.01.2016)

	<ul style="list-style-type: none"> • Have endorsement letters by the Beneficiary and the Delegation been provided?
24	<p>Entities involved</p> <p>Implementation scheme</p> <p>Organisational set up</p> <p>Exit Strategy:</p> <ul style="list-style-type: none"> • Is the information about the entities involved, the organisational set-up, the implementing scheme, the financial structure and the exit strategy clear?
25	<p>Indicative budget – Uses & Sources, detailed description</p> <ul style="list-style-type: none"> • Is the indicative budget and financing plan sufficiently detailed? • Are the costs realistic and acceptable? • Does the project financing plan present the appropriate mix of funding and leverage between loans and grants? • Is a budget for visibility foreseen?
27	<p>Debt sustainability</p> <ul style="list-style-type: none"> • Are there any additional concessionality requirements that need to be considered?
28	<p>Financial Leverage</p> <ul style="list-style-type: none"> • What is the proposed financial leverage? • Is the proposed leverage sufficient and coherent?
29	<p>Additionality of the EU contribution</p> <ul style="list-style-type: none"> • Are the expected impact and results of the project and, more specifically, of the EU grant contribution, clearly defined? • Why is the proposed grant funding necessary for the operation?
30	<p>Justification of EU contribution</p> <ul style="list-style-type: none"> • Is the EU grant amount clearly justified?
31	<p>Expected Results</p> <ul style="list-style-type: none"> • Are the indicators sufficiently reflecting the expected outputs and intended outcomes of the project? • Are the expected results in line to the project objectives?
32	<p>Project sustainability</p> <ul style="list-style-type: none"> • According to the AF, do you think that the project will be sustainable when grant support expires? • What measures are foreseen to achieve sustainability?
33	<p>Risk Assessment</p> <ul style="list-style-type: none"> • Are the mitigation measures for the risks identified sufficient? • Are additional risks that are not identified in the application? If so, please enumerate.
34	<p>Climate and Environment Rio markers</p> <ul style="list-style-type: none"> • Is the contribution of the project to climate change mitigation/adaptation clearly demonstrated?
35	<p>Indicative Project Calendar</p> <ul style="list-style-type: none"> • Are the urgency and maturity of the requested grant contribution consistent with the calendar of the project?
36	<p>Description of procurement procedures</p> <ul style="list-style-type: none"> • Are the procurement procedures to be used for the project clear in the application? • Are these procedures accepted to be equivalent to EC ones?

GUIDANCE NOTES FOR AF (01.01.2016)

37	Monitoring, reporting and evaluation <ul style="list-style-type: none">• Is the monitoring, reporting and evaluation clearly described and sufficient?
38	Visibility <ul style="list-style-type: none">• Is a visibility plan proposed?• Is it in line with EU visibility provisions and does it provide sufficient and clear visibility?

Annex IX. Indicators

Energy

	OUTPUT INDICATORS	UNIT	DEFINITION
1.1	Transmission and distribution lines installed or upgraded	Km	The indicator covers power transmission and distribution lines. It is the measure of the ground distance traversed, in kilometres.
1.2	New connections to electricity	Nr.	Number of new connections to the grid. Only new connections resulting from a project are counted; those already connected to the grid and receiving improved services through a project are not counted.
1.3	Additional capacity from conventional electricity production	MW	Gross generating capacity of a power generation project from conventional energy sources. A project may involve construction of a new power plant or refurbishment of an existing plant.
1.4	Additional capacity from renewable energy sources	MW	Gross generating capacity of a power generation project from renewable energy sources. A project may involve construction of a new power plant or refurbishment of an existing plant.
	OUTCOME INDICATORS	UNIT	DEFINITION
1.5	Population benefitting from electricity production	Nr. of households	The number of households which are estimated to benefit from new electricity supply from the project.
1.6	Power production	GWh/year	Total net annual average electricity generated by project, independently of its maximum capacity.
1.7	Power production from renewable sources	GWh/year	Total net annual average electricity generated by project from renewable sources, independently of its maximum capacity.
1.8	Energy efficiencies	GWh/year	Energy savings as a result of project against no project or most likely alternative (e.g. loss reduction in generation, distribution, etc.)

Transport

	OUTPUT INDICATORS	UNIT	DEFINITION
2.1	Length of new or upgraded roads	km	Total length of the road built or upgraded through the project. This indicator will refer to paved roads and in general cover motorways, highways, main or national roads, secondary or regional roads.
2.2	Length of new or upgraded railways	km	Total length of railroad tracks built or upgraded.
2.3	Length of new or upgraded urban transport lanes.	km	Total length of urban transport lanes including bus lane, tramline or metro tracks built or upgraded.
2.4	Port terminal capacity (passenger, container or cargo)	Million passenger per annum "mppa" (passenger); million TEU/year (container); million tons/year (cargo)	The indicator is the future capacity of the container terminal(s). In case of a terminal expansion, it includes the total capacity of the terminal(s) (current terminal(s) + expansion). The baseline is the current capacity of the container terminal(s). Depending on the type of terminal (container, passenger or cargo), the units used will be different.
2.5	Airport terminal capacity	Million Passengers per annum – "mppa" or million tons /year (cargo)	The indicator is the increase in passenger terminal capacity of the airport. 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.
	OUTCOME INDICATORS	UNIT	DEFINITION
2.6	Users of new or upgraded roads	Average Annual Daily Traffic "AADT"	Average Annual Daily Traffic. All vehicle will be counted, including those of traffic that existed before upgrading, diverted traffic, traffic generated as a result of road improvement, as well as growth in each of these categories.
2.7	Rail use	Million Passengers /year or tons /year (cargo)	Total of passengers or freight using rail service.
2.8	Urban transport users	Million passenger per annum	Total urban transport passengers indicating those shifted from other transport modes as a result of the project.
2.9	Ports: Terminal(s) user traffic (passenger, container or cargo)	Million passenger per annum "mppa" (passenger); million TEU/year (container); million tons/year (cargo)	Total of passengers, containers or cargo using port services. Depending on the type of terminal (container, passenger or cargo), the units used will be different.
2.10	Airport use	Million Passengers per annum – "mppa" or million tons /year (cargo)	Passenger or freight traffic handled at the airport.

Environment (water and sanitation)

	OUTPUT INDICATORS	UNIT	DEFINITION
3.1	Length of new or rehabilitated water supply pipes	Km	Length of water mains and distribution pipes installed/ upgraded. 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 well as reticulation pipes.
3.2	Length of new or rehabilitated sewer pipes installed	Km	Length of collectors and sewers installed or upgraded. All sizes of sewer pipes expressed in their aggregate length in the network, irrespective of pipe diameter, comprising mains as well as reticulation pipes.
3.3	New connections to water supply	Nr	Number of new connections to the water network. Only new connections resulting from a project are counted; those already connected to the network and receiving improved services through a project are not counted.
3.4	Water treatment capacity	M3/day	Maximum amount of water that the new or improved treatment plant can process. This indicator reflects the total new or additional capacity of treatment plant independently of its production during operation.
3.5	Wastewater treatment capacity	M3/day	Maximum amount of waste water that the new or improved treatment plant can process. This indicator reflects the total new or additional capacity of treatment plant independently of its production during operation.
	OUTCOME INDICATORS	UNIT	DEFINITION
3.6	Population benefitting from safe drinking water	Nr of households	Urban or rural population using a safe drinking water supply, as defined by international standards.
3.7	Population benefitting from improved sanitation services	Nr of households	Urban or rural population with access to improved sanitation services, as defined by international standards.
3.8	Potable Water Produced	M3/day	Amount of potable water produced, independently of the maximum capacity of the network.
3.9	Wastewater Treated	Population equivalent "p.e."	Amount of wastewater treated, independently of the maximum capacity of the treatment plant.

Private sector development

	OUTPUT INDICATORS	UNIT	DEFINITION
4.1	<i>For direct operations:</i> Access to finance: number of units served among relevant target group	Nr.	Number of outstanding loans/ at the end of their fiscal year and annual number of new loans/investments disbursed/made during the year.
4.2	<i>For direct operations:</i> Access to finance: Amount of outstanding loans to relevant target group	Currency	Amount of outstanding loans/investments at the end of their fiscal year and annual volume of new loans/investments disbursed/made during the year.
4.3	<i>For indirect operations:</i> New financing made available to financial intermediaries (e.g. banks, microfinance institutions, funds)	Currency	Volume of credit lines/guarantees / capital investment extended to financial intermediaries for on lending to target groups (target groups being understood as Microfinance/MSME/Agribusiness/Energy Efficiency/Renewable Energy/Student Loans/Housing Finance/Retail Finance/Total Portfolio/Other to be specified in each instance).
	OUTCOME INDICATORS	UNIT	DEFINITION
4.4	<i>For indirect operations:</i> Access to finance: number of units served among relevant target group	Nr.	Number of outstanding loans/investments in the portfolio of relevant financial intermediaries at the end of their fiscal year and annual number of new loans/investments disbursed/made during the year.
4.5	<i>For indirect operations:</i> Access to finance: Amount of Outstanding Loans and other sources of financing to relevant target group	Currency	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.
4.6	<i>For direct operations:</i> Number of MSMEs reporting increased turnover (as a result of <u>direct</u> support received from the FIs)	Nr.	Number of MSMEs receiving direct assistance from FI that have increased the volume of their turnover.
4.7	<i>For both direct and, where feasible, indirect operations:</i> Number of jobs sustained (resulting from the project)	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 prorata basis.

Social (social housing, health and education)

	OUTPUT INDICATORS	UNIT	DEFINITION
5.1	New and/or refurbished habitable floor area	Square meter	Square meters of new and/or refurbished social housing.
5.2	New and/or refurbished health facilities	Nr.	Number of new and/or refurbished health facilities of any type (hospitals, clinics, health centres etc.).
5.3	New and/or refurbished educational facility	Nr.	Number of new and/or refurbished educational facility of any type (schools, universities etc.).
	OUTCOME INDICATORS	UNIT	DEFINITION
5.3	Population benefitting from improved housing conditions	Nr. of households	Number of households benefitting from improved housing conditions.
5.5	Bed occupancy rate	%	Percentage of beds occupied at the hospital.
5.6	Inpatients	Nr. per year	Number of patients per year that are admitted and stay at least one night at the hospital.
5.7	Outpatient Consultations	Nr. per year	Number of patients per year that are diagnosed or treated at but do not stay overnight at the hospital from the project.
5.8	Students benefitting from new and/or refurbished educational facility	Nr. per year	Students per year benefitting from new and/or refurbished educational facility.
5.9	Students enrolled	Nr. per year	Total aggregate of pre-primary, primary, secondary, tertiary, further, vocational as required.

Agriculture, Food and Nutrition Security

	OUTPUT INDICATORS	UNIT	DEFINITION
6.1	Agricultural production	Tons per yr	For the main productions impacted by the project, measured yearly
6.2	Area under cultivation	Ha per yr	For the main productions impacted by the project, measured yearly
6.3	Due diligence report of projects that affect land and property rights	Yes/No	Based on the guidelines developed by the 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)
	OUTCOME INDICATORS	UNIT	DEFINITION
6.4	Additional added value created	Euros (constant value) per yr	For the main productions impacted by the project, measured yearly
6.5	Added value going to farmers	Euros (constant value) per yr	For the main productions impacted by the project, measured yearly
6.6	Net employment creation (gender differentiated)	Nr. per yr	Informal and formal jobs, measured yearly
6.7	Minimum Dietary Diversity Score	Score	Minimum number of food groups consumed by an individual over a reference period. Ref.: FAO Manual Minimum Dietary Diversity in Women (in preparation).

Cross Sector Indicators

	INDICATORS ^{a)}	UNIT	DEFINITION ^{b)}
7.1	Total number of beneficiaries	#	Estimated number of people with improved access to services (financial services, social and economic infrastructure, etc.).
7.2	Number of beneficiaries living below the poverty line	# (and/or %)	Sub-group of total beneficiaries above (if applicable). Reference point used, e.g. national or international definitions of poverty, should be made transparent).
7.3	Relative (net) Greenhouse gas emissions impact ¹⁷	CO2 ktons eq / year	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.
7.4	Direct employment: Construction phase	# (FTE)	Number of full-time equivalent construction workers employed for the construction of the company or project's hard assets during the reporting period.
7.5	Direct employment: Operations and maintenance	# (FTE)	Number of full-time equivalent employees as per local definition working for the client company or project at the end of the reporting period.

¹⁷ Enter baseline according to point (2), expected value with the project according to gross emissions calculation in point (3) and expected result according to net emissions impact calculation in point (4). Indicate in the comments box the project impact category as outlined in point (1). The indicator should be assessed for a 'typical year of operation': there is no need to 'indicate the year'.