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ANNEX

to the Commission Implementing Decision on the financing of the individual measure for the Technical Assistance in support of the implementation of European Fund for Sustainable Development Plus (EFSD+) in Türkiye

Action Document for the Technical Assistance in support of the implementation of European Fund for Sustainable Development Plus (EFSD+) in Türkiye

INDIVIDUAL MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and annual action plan and a measure in the sense of Article 9 of IPA III Regulation and Article 23(3) of the NDICI - Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

Title	Technical Assistance in support of the implementation of European Fund for Sustainable Development Plus (EFSD+) in Türkiye Commission Implementing Decision on the financing of the individual measure for the Technical Assistance in support of the implementation of European Fund for Sustainable Development Plus (EFSD+) in Türkiye
OPSYS	OPSYS business reference: ACT-62963
ABAC	ABAC Commitment level 1 number: JAD.1631573
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Economic and Investment Plan (EIP)	Not applicable
EIP Flagship	Not applicable
Team Europe	No
Beneficiary(y)/(ies) of the action	The action shall be carried out in the Republic of Türkiye
Programming document	IPA III Programming Framework
PRIORITY AREAS AND SECTOR INFORMATION	
EFSD+ Strategic Areas and Investment Windows	EFSD+ Strategic Areas: Green Deal; Global Gateway; Jobs and Inclusive Growth Investment Windows: Connectivity (59%); MSMEs (41%)

Sustainable Development Goals (SDGs)	Main SDG: <i>SDG 09 Industry, Innovation and Infrastructure</i> Other significant SDGs: <i>SDG 06 Clean Water and Sanitation</i> <i>SDG 07 Affordable and Clean Energy</i> <i>SDG 08 Decent Work and Economic Growth</i> <i>SDG 11 Sustainable Cities and Communities</i> <i>SDG 12 Responsible Consumption and Production</i> <i>SDG 13: Climate Action</i> <i>SDG 17 Partnerships to achieve the Goal</i>			
DAC code(s)	140 - Water Supply & Sanitation; 14020 - Water supply and sanitation - large systems – 30% 231 - Energy Policy; 23183 - Energy conservation and demand-side efficiency – 23% 250 - Business & Other Services; 25040 - Responsible Business Conduct – 22% 122 - Basic Health; 12230 - Basic health infrastructure – 11% 220 - Communications; 22040 - Information and communication technology (ICT) – 11% 232 - Energy generation, renewable sources; 23210 - Energy generation, renewable sources - multiple technologies – 3% 232 - Energy generation, renewable sources; 23210 - Energy generation, renewable sources - multiple technologies – 80% 231 - Energy Policy; 23110 - Energy policy and administrative management – 20%			
Main Delivery Channel @	Multilateral Organisations - 40000 Regional Development Bank – 46000 European Bank for Reconstruction and Development - 46015			
Targets	<input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity			
Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers @	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	EIP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	EIP Flagship	<div>YES</div> <div><input type="checkbox"/></div> <div>NO</div> <div><input checked="" type="checkbox"/></div>		
	Tags:	<div>YES</div> <div><input type="checkbox"/></div> <div>NO</div> <div><input type="checkbox"/></div>		
	Transport	<input type="checkbox"/>		
	Energy	<input type="checkbox"/>		
	Environment and climate resilience	<input type="checkbox"/>		
	Digital	<input type="checkbox"/>		
	Economic development (incl. private sector, trade and macroeconomic support)	<input type="checkbox"/>		
	Human Development (incl. human capital and youth)	<input type="checkbox"/>		
	Health resilience	<input type="checkbox"/>		
	Migration and mobility	<input type="checkbox"/>		
	Agriculture, food security and rural development	<input type="checkbox"/>		
	Rule of law, governance and Public Administration reform	<input type="checkbox"/>		
	Other	<input type="checkbox"/>		
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Tags digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Tags digital connectivity energy transport health education and research	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	BUDGET INFORMATION			
Amounts concerned	Budget line: 15.020201 Total estimated cost: EUR 2 625 000 Total amount of EU budget contribution: EUR 2 625 000			
MANAGEMENT AND IMPLEMENTATION				
Implementation modalities (management mode and delivery methods)	Indirect management with: <ul style="list-style-type: none"> - the European Bank for Reconstruction and Development (EBRD); - and other pillar assessed entities selected in accordance with the criteria set out in section 4.3.1.2. 			
Final date for concluding contribution / delegation agreements, procurement and grant contracts	At the latest by 31 December 2025			
Indicative operational implementation period	72 months following the adoption of the Financing Decision			

1.2. Summary of the Action

The technical assistance interventions are associated with the implementation of European Fund for Sustainable Development Plus (EFSD+) guarantee programmes in Türkiye, specifically those firstly signed

between December 2023 and September 2024 “*Growth4All programme in the Western Balkans and Türkiye*”, “*HI-BAR*” and “*Municipal, Infrastructure and Industrial Resilience Plus*”.

The technical assistance has an overall objective to enable the implementation of the EFSD+ Guarantee programmes by enhancing the investment projects that benefit from the guarantee with policy dialogue and ecosystem development, project preparation and implementation, and capacity building. Towards this objective, the **Specific Objectives (Outcomes)** of this action are enhancing the programme by promoting a dialogue with public authorities and reinforcing the ecosystem, by covering the activities preceding the actual investment, generally to make the investment “bankable”, and ensuring a correct implementation, in line with e.g. international standards, and by furthering the impact of the financial instrument at the level of financial intermediaries and/or final beneficiaries, in order to increase the sustainability of the interventions under the EFSD+ Guarantee and ensuring the good implementation and monitoring of the EFSD+ Guarantee. The implementing partner for each of these three guarantee agreements and associated actions is the partner IFI, including the European Bank for Reconstruction and Development (EBRD).

The three technical assistance interventions have a total budget of EUR 1.525.000 for Türkiye, and it is foreseen that they split as follows:

- EUR 625.000 for the EFSD+ guarantee programme “Growth4All programme in the Western Balkans and Türkiye”;
- EUR 400.000 for the EFSD+ guarantee programme “HI-BAR”;
- EUR 500.000 for the EFSD+ guarantee programme “Municipal, Infrastructure and Industrial Resilience Plus”.

In addition to this, EUR 1.100.000 is foreseen for other EFSD+ Guarantee programmes in Türkiye.

The main aim is to foster the deployment of EFSD+ Guarantees in line with the Proposed Investment Programmes submitted by the respective IFIs, the priorities as agreed on in the Guarantee Agreements and additional aspects as agreed on during upstream consultation between the EC and the IFIs. Technical assistance interventions attached to green/sustainable finance, green/sustainable infrastructure and MSME finance EFSD+ Guarantees will benefit from the above-mentioned budget.

1.3 Beneficiar(y)/(ies) of the Action

The action shall be carried out in the Republic of Türkiye.

2. RATIONALE

2.1. Context

The introduction of EFSD+ guarantee schemes at regional level requires specific technical assistance to accompany the implementation of the guarantees. This Action will provide the necessary funding for such technical assistance for the Republic of Türkiye, following the favourable opinion of the EFSD+ Operational Board.

It will support the achievement of more ambitious goals for the financial instruments regarding targeted groups, innovativeness of the services provided, and the attainment of higher policy objectives. In this specific case, the TA, combined with the guarantee (and not as a stand-alone TA), is instrumental in rolling out the guarantees and can be used at different levels as follows: i) assisting guarantee beneficiaries (e.g., local financial intermediaries) in designing and/or adapting their products to ensure a more tailored service; ii) helping guarantee final beneficiaries (e.g., SMEs, entrepreneurs) strengthen viable projects through the

provision (usually by the IFIs) of business development services that will make them creditworthy; iii) assisting project promoters in preparing and implementing (infrastructure) projects in line with international standards; iv) fast-tracking reforms or supporting institutional capacity necessary to unlock private investment, thus maximizing the leverage and impact of the guarantee.

2.2. Problem Analysis

N/A

2.3. Lessons Learned

N/A

3. DESCRIPTION OF THE ACTION

The technical assistance actions associated with the EFSD+ guarantee programmes “*Growth4All programme in the Western Balkans and Türkiye*”, “*HI-BAR*” and “*Municipal, Infrastructure and Industrial Resilience Plus*” will complement the implementation of each respective guarantee agreement covering Türkiye.

Technical assistance component for the EFSD+ guarantee programme “Growth4All programme in the Western Balkans and Türkiye”

The technical assistance (hereinafter the “Action”) will be implemented in the context of the EFSD+ Guarantee “Growth4all Programme in the Western Balkans and Türkiye” and will support project preparation, implementation and monitoring, capacity building and policy dialogue activities related to the target beneficiaries and types of projects envisaged as part of the EFSD+ Guarantee.

The general objectives of the Action are to complement the EFSD+ Guarantee, namely, to reconcile supply and demand of MSMEs financing by reducing the risk associated with such financing and encouraging financial intermediaries to direct new lending towards those businesses who need it the most. This includes, in particular, MSMEs affected by crises affecting local financial systems, as well as underserved or unserved target groups that have been identified as being particularly excluded from such financing in Türkiye and the Western Balkans region.

The activities deployed under the Action will consist of a range of capacity-building measures benefitting participating financial institutions (“PFIs”) engaged in the Programme, supporting them in the implementation of the projects, as well as market-wide measures, including policy dialogue and other feasibility measures. Such activities could include, inter alia:

- **PFI Capacity Building:** to be provided to the PFI engaged with the EBRD on the deployment of the Guarantee Programme, aiming at supporting such PFI in achieving the financial inclusion objectives of the Programme;
- **Legal and Regulatory Assessment, legal counsel, and Policy Dialogue:** to be able to ascertain how the local regulator would approach the guarantee product provided by the EU and EBRD in terms of capital relief, as this would significantly affect the economic benefits of the product for the PFI;
- **Monitoring, Reporting and Communication and Visibility:** to build PFI’s capacity to support the monitoring and reporting of the EFSD+ Guarantee across the region, and to publicise the fact that the Action has received funding from the EU.

Technical assistance component for the EFSD+ guarantee programme “HI-BAR”

The technical assistance (hereinafter the “intervention”) will be implemented in the context of the EFSD+ Guarantee “HI-BAR” (hereinafter the “HI-BAR Programme”) and will support project preparation and implementation, strategic policy dialogue activities related to the target beneficiaries and types of projects envisaged as part of the EFSD+ Guarantee.

The Action aims to enable the implementation of the HI-BAR Programme and its objectives, by supporting investment projects that may present the need to benefit from the EFSD+ Guarantee in the NEAR regions, the Western Balkans, and Türkiye and, in addition, by enhancing this direct engagement with capacity building, policy dialogue support and showcasing of results. The overall objective of the Action is to support the transition towards an effective climate resilience, low carbon economy and society. The specific objectives of the Action are to increase the emergence of sustainable, inclusive, energy and fuel transition, alternative transport fuels, and new climate technology bankable projects in HI-BAR Programme targeted countries, to upgrade the policy and regulatory framework of HI-BAR Programme targeted countries to allow for increased investments in the energy, critical raw materials, and hard-to-abate industrial sectors and to facilitate the implementation of the investment projects by private as well as public stakeholders.

The activities deployed under the Action will consist of a range of measures to support investment projects and to enhance this direct engagement with capacity building, policy dialogue support and showcasing of results.

Such activities could include, inter alia:

- Upstream activities supporting pipeline generation and policy dialogue;
- Project preparation activities, delivered before the project’s financial close;
- Project implementation activities delivered after the project’s financial close.

Technical assistance component for the EFSD+ guarantee programme “Municipal, Infrastructure and Industrial Resilience Plus”

The technical assistance (hereinafter the “intervention”) will be implemented in the context of the EFSD+ Guarantee “Municipal, Infrastructure and Industrial Resilience Plus” (hereinafter the “Resilience Plus Programme” or “the Programme”) and will support project preparation and implementation, capacity building and policy dialogue actions related to the target sectors and types of projects envisaged as part of the guarantee programme, most notably related to the crisis response and green recovery components of the Programme.

The Action aims to enable the implementation of the Programme by supporting investment projects that benefit from the guarantee and potentially enhancing this direct engagement with capacity building, policy support and showcasing of results. The general objectives of the Action are to optimise projects that benefit or are being prepared to benefit from the EFSD+ Guarantee and to enhance the Resilience Plus Programme with capacity building, policy support and visibility actions. The specific objectives of the Action are to deliver assignments for project preparation and implementation support, and to deliver activities related to organisations’ capacity building and/or policy dialogue linked to the Resilience Plus Programme targeted sub-sectors.

The activities deployed under the Action will consist of a range of measures to support investment projects and to enhance this direct engagement with capacity building, policy dialogue support and showcasing of results. Such activities could include, inter alia:

- For the crisis response component of the Programme, the Action will entail assistance focused on enabling transactions to support enterprises or infrastructure providers affected by the crisis, for instance via rapid due diligence assignments;

- For the green recovery component of the Programme, the Action will entail assignments to identify, assess and prepare green economy projects for funding, and to support their implementation. Also, the Action may seek to deploy policy dialogue activities at municipal, sectoral or broader levels;
- In relation to organisations that benefit from Resilience Plus Programme support under either component, the Action also aims to deploy where opportune assistance to build up capacities related to the green transition, such as improving climate risk management, green corporate governance, longer-term sustainability strategies or sustainable corporate development programmes.

Additionally, EUR 1.100.000 is foreseen for **other EFSD+ Guarantee programmes in Türkiye**.

The main aim is to foster the deployment of EFSD+ Guarantees in line with the Proposed Investment Programmes submitted by the respective IFIs, the priorities as agreed on in the Guarantee Agreements and additional aspects as agreed on during upstream consultation between the EC and the IFIs. Technical assistance interventions attached to green/sustainable finance, green/sustainable infrastructure and MSME finance EFSD+ Guarantees will benefit from the above-mentioned budget.

The action will be shaped around three areas of intervention:

1. Policy dialogue & Ecosystem development – i.e., TA to promote a dialogue with public authorities and reinforce the ecosystem, usually above the direct scope of the guarantee.
2. Project preparation & Implementation – i.e., TA to cover the activities preceding the actual investment, generally to make the investment “bankable”, and ensuring a correct implementation, in line with e.g., international standards.
3. Capacity building – i.e., post-investment TA to further the impact of the financial instrument at the level of financial intermediaries and/or final beneficiaries.

These may be complemented by other activities deemed relevant for the deployment of EFSD+ Guarantees and the achievement of DG NEAR’s policy objectives.

3.1. Intervention Logic

The **Overall Objective/(Impact)** of this intervention is to enable the implementation of the three EFSD+ Guarantee programmes that will be implemented by EBRD as well as other Guarantee programmes under the EFSD+ on Türkiye.

The **Specific Objectives (Outcomes)** of this action are:

- 1) To complement the EFSD+ Guarantee “Growth4all Programme in the Western Balkans and Türkiye” with tailored, dedicated technical assistance;
- 2) To complement the EFSD+ Guarantee “HI-BAR” with tailored, dedicated technical assistance;
- 3) To complement the EFSD+ Guarantee “Municipal, Infrastructure and Industrial Resilience Plus” with tailored, dedicated technical assistance;
- 4) To complement other EFSD+ Guarantees, which are currently under negotiation, with tailored, dedicated technical assistance. Technical assistance interventions attached to green/sustainable finance, green/sustainable infrastructure and MSME finance EFSD+ Guarantees will benefit from the above-mentioned budget.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

Outputs contributing to Outcome 1 (or Specific Objective 1):

- 1.1 Participating financial institutions sustained on the deployment of the EFSD+ Guarantee in specific investments to ensure good implementation of the eligibility criteria as well as detailed reporting required under the EFSD+ Guarantee on sub-loan portfolios.
- 1.2 Enhanced policy dialogue with municipal, sectoral or national authorities, in order to create enabling regulatory environments for continued green investment or to raise capacities to plan and deliver infrastructure improvements.
- 1.3 Strengthened capacities of sector institutions to enable / undertake / manage renewable energy and energy efficiency investments or projects.

Outputs contributing to Outcome 2 (or Specific Objective 2):

- 2.1 A portfolio of sustainable and bankable projects in energy transition, climate resilience, critical raw materials, and hard-to-abate industrial sectors, ready to benefit from EFSD+ Guarantee support.
- 2.2 Targeted capacity-building programs to enhance the knowledge and skills of public and private stakeholders, facilitating the preparation and implementation of sustainable energy and climate technology projects.
- 2.3 Policy recommendations and dialogue outputs that help upgrade regulatory frameworks in the country, promoting increased investments in energy and climate resilience sectors.

Outputs contributing to Outcome 3 (or Specific Objective 3):

- 3.1 Rapid due diligence assessments and project preparation reports delivered to support enterprises and infrastructure providers affected by crises, facilitating their access to funding under the Resilience Plus Programme.
- 3.2 A portfolio of green economy projects identified, assessed, and prepared for funding, with implementation support provided to ensure alignment with the green recovery objectives of the Resilience Plus Programme.
- 3.3 Capacity-building programs delivered to beneficiary organisations, enhancing their ability to manage climate risks, adopt green corporate governance, and implement sustainable corporate development strategies aligned with long-term resilience goals.

Outputs contributing to Outcome 4 (or Specific Objective 4):

- 4.1 A portfolio or pipeline of sustainable and bankable projects or operations ready to benefit from products supported by the EFSD+ Guarantee.
- 4.2. Targeted capacity-building programs to enhance the knowledge and skills of relevant stakeholders, facilitating the preparation and implementation of investments or operations ready to benefit from products supported by the EFSD+ Guarantee.
- 4.3. Policy dialogue & Ecosystem development if necessary to create a conducive environment for investments/ operations in the sectors targeted by the relevant EFSD+ Guarantees.

3.2. Indicative Activities

Activities related to Output 1

The activities deployed under the Action will consist of a range of capacity-building measures benefitting participating financial institutions (“PFIs”) engaged in the Programme, supporting them in the implementation

of the projects, as well as market-wide measures, including policy dialogue and other feasibility measures. For the avoidance of doubt, due diligence activities are not covered. Activities may also include consultancy services to build PFI's capacity to assist with the monitoring of the EFSD+ Guarantee especially the gathering of the results and good deployment.

Below is presented a non-exhaustive list of activities that may be delivered via assignments funded by the Action. Other activities clearly linked to the objectives of the Action may be proposed throughout the Action implementation period, depending on the identified needs.

Such activities could include, inter alia:

3.2.1. PFI Capacity Building

Capacity building support may be provided to PFI engaged with the EBRD on the deployment of the Guarantee Programme, aimed at supporting such PFI in achieving the financial inclusion objectives of the Programme. The support would be delivered by EBRD-procured or PFI-procured consultants who will provide targeted technical assistance to the PFI for:

- Marketing and pipeline development for the EBRD investment supported by the EFSD+ Guarantee,
- New financial product development, for the EBRD investment supported by the EFSD+ Guarantee,
- Support process and organisational institutional changes, including IT systems and MIS, credit scoring, organisational setting, to support the PFI to better serve MSMEs,
- Baseline assessment of the PFI as well as the broader market to allow the PFI to better define its strategic orientation in meeting the financial inclusion objectives,
- Provide training of the PFI staff on MSME lending, including gender-streamlining of the PFI's structure, processes and policies

3.2.2. Legal and Regulatory Assessment, legal counsel, and Policy Dialogue

In the context of the EFSD+ Guarantee, it may be important to be able to ascertain how the local regulator would approach the guaranteed product provided by the EU and EBRD in terms of capital relief, as this would significantly affect the economic benefits of the product for the PFI. In this respect, it may be necessary to retain a legal expert to provide a legal opinion in this respect, and potentially to engage with the local regulator on the terms that would be necessary to meet in order to achieve capital relief, if possible. Additionally, TA may be used for preparation of guarantee legal agreements between the EBRD and PFIs.

3.2.3. Monitoring, Reporting and Communication and Visibility

Consultants will be retained to build PFI's capacity to support the monitoring and reporting of the EFSD+ Guarantee across the region. In particular, the tasks delegated to consultants will include:

- Engage with the PFI on the deployment of the EFSD+ Guarantee in specific investments, especially under Products 1 and 2, to ensure good implementation of the eligibility criteria as well as detailed reporting required under the EFSD+ Guarantee on sub-loan portfolios.
- Collect, reconcile, and compile the regular reporting of PFI on the quality of the sub-loans portfolios as well as the results indicators.

Activities related to Output 2

The activities carried out under Output 2 will encompass a variety of measures designed to support investment projects and strengthen direct engagement through capacity building, policy dialogue support, and result showcasing.

These activities may include, among others:

- **Upstream activities:** Supporting pipeline generation and policy dialogue.
- **Project preparation activities:** Delivered prior to the project's financial closure.
- **Project implementation activities:** Delivered post the project's financial closure.

Activities related to Output 3

The activities implemented under Output 3 will include a variety of measures to support investment projects and enhance direct engagement through capacity building, policy dialogue support, and result showcasing.

These activities may include, among others:

- **Crisis response component:** Assisting enterprises or infrastructure providers affected by the crisis through rapid due diligence assignments to enable transactions.
- **Green recovery component:** Identifying, assessing, and preparing green economy projects for funding, supporting their implementation, and potentially deploying policy dialogue activities at municipal, sectoral, or broader levels.
- **Resilience Plus Programme support:** Providing assistance to organizations under either component to build capacities for the green transition, such as improving climate risk management, green corporate governance, long-term sustainability strategies, or sustainable corporate development programs.

Activities related to Output 4

The activities carried out under Output 4 will encompass a variety of measures designed to support investment projects and strengthen direct engagement through capacity building, policy dialogue support, and result showcasing.

These activities may include, among others:

- Support to relevant stakeholders in getting ready to benefit from products offered under the relevant EFSD+ Guarantees (e.g. building pipelines of eligible operations/ investments projects, preparing stakeholders for the launch of or participation in sustainable finance activities).
- Implementing relevant capacity-building initiatives, inter alia focused on sustainable finance practices, green economy investment frameworks, improvements in local authorities' management procedures.
- Facilitating policy dialogue with local regulators and authorities to conducive policy environments to support the uptake of products offered under the relevant EFSD+ Guarantees (e.g. improved sustainable finance environment, enhanced conditions for investments by local authorities).

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Technical assistance as well as capacity building programmes should facilitate the identification and formulation of climate relevant projects at beneficiary and/or regional level and support local and regional

climate policies. This will strengthen the already ongoing processes of pipeline development and securing local ownership.

Environment, climate change and disaster resilience are assessed as part of the Environmental Impact Assessments (EIA). These requirements are applied to the implementing partner financial institutions in charge for the implementation of the projects. Partner financial institutions shall take into consideration the applicable environmental and social standards and monitoring mechanisms, as well as the environmental and climate risk categories for each project. Infrastructure projects shall be aligned with sector strategic planning, including, when relevant the Paris climate agreement.

Energy efficiency and renewable energy projects specifically target environmental and climate change and specific indicators such as amount of greenhouse gas emission reduced/avoided, and MWh of yearly energy savings will be monitored.

With regards to micro, small and medium enterprises support, including agri-businesses, special consideration will be given to upgrading of farm and primary products processing practices including short and sustainable supply chain, resource-efficiency, energy-efficiency processes limiting the effects of climate change and adapting farming to climate change effects, low-emissions/low-carbon initiatives, and sustainable climate-smart agricultural practices (e.g. addressing deforestation, biodiversity loss, soil erosion, air pollution, water contamination).

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G2. This implies that the action has a significant objective on gender equality. Implementing partners have to take into account the EU's Action Plan on Gender Equality and Women's Empowerment in External Action 2021–2025 (GAP III), which aims to accelerate progress on empowering women and girls, and safeguard gains made on gender equality during the 25 years since the adoption of the Beijing Declaration and its Platform for Action. In addition, several of the financial institutions submitting projects and programmes have gender inclusion action plan and indicators in place to measure and report the impact of the investments under the gender perspective.

Consultation with civil society organisations, including beneficiary agencies and NGOs, community-based organisations, and women's groups would be carried out, when possible, to ensure a balanced impact on both women and men on the investments.

3.4. Risks and Assumptions

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1	Economic risk: macroeconomic instability as well as the impact of increasing interest rates and reliance of increased sovereign lending on banks, as well as a deterioration of balance sheets that could negatively affect the banking sector and depress lending activity. Reduced willingness of the companies and investors to pursue risky investment projects, and	Medium	Medium	Participating Financial Institutions (PFIs) will be carefully selected using IFI's standard selection criteria for integrity and business conduct, financial stability, capacity and appetite for investment/lending. These factors will be monitored carefully throughout implementation to raise and address pertinent issues and developments. Shareholders will actively supervise the performance of the investments.

	deterioration of balance sheets. If economic crisis occurs once the funds have invested most of their capital, the performance of the underlying investments may deteriorate. An economic crisis as the one that could be produced by the COVID-19 pandemic can potentially reduce private sector investments hence having an adverse effect on the action in terms of final beneficiaries reached and leverage achieved.			
2	Financial risk: is the possibility of losing money on an investment or business venture. Some more common and distinct financial risks include credit risk, liquidity risk, and operational risk. Financial risk is a type of danger that can result in the loss of capital to interested parties.	Medium	Medium	This will be properly managed by a combination of factors. First, the implementing partner expertise in portfolio construction together with the alignment of interests with the Commission through “skin in the game” will ensure a proper management of the financial risk; second, an acceptable risk target for the instrument will be estimated and contractually established with the implementing partner; finally, technical assistance will provide support to intermediaries in the ground and final beneficiaries to ensure proper risk assessment and management. Implementation of budgetary guarantees shall follow the EFSD+ Risk Policy Guidelines and shall be overseen by Commission services in the context of the overall management of contingent liabilities.
3	Product risk: Some of the new instruments under the Action will be new to both the market and the PFIs, which may lead to delay in the roll-out, a small number of PFIs and low lending volumes, at the early stage especially	Low	Low	A comprehensive TA support and an efficient consultant deployment will further minimise the risk of slow roll-out and improper implementation.
4	Implementation Change in management/ ownership, and/or lack of management response in benefiting SMEs. Lack of engagement and ownership (participation, commitment, and consensus must be secured)	Medium	Medium	Rigorous selection of beneficiaries and oversight of consultant selection. Working with different implementing partners will also reduce the implementation risk should one of the partner financial institutions fail to properly implement their activities. Grants are not paid until the consultants’ final reports have been fully accepted. Cancel or reallocate activities/projects if necessary. Solid relations already built.
5	Environment and climate risks: assessment of the adequacy of the environmental and social safeguards of the implementing partners not sufficient. This can lead to inadequate attention to	Low	Low	The applicable environmental and social safeguards for investment projects will be assessed, and stricter requirements in line with EU requirements will be introduced in case needed. Active involvement in the monitoring on environment and climate change aspects of the investment portfolio.

	environmental, climate and social risks			
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External Assumptions

- A stable political and security climate on the regional level in general and on the country level in particular is needed to promote and secure investments.
- Partner countries are ready to increase the level of investments on their own resources as well as through loans.
- The pipelines of operations are of sufficient quality and volume and provide sufficient added value.
- Partner countries and other local beneficiaries are supportive to the projects prepared by the eligible Finance Institutions.

3.5. Indicative Logical Framework Matrix –

Results	Results chain: Main expected results [maximum 10]	Indicators [it least one indicator per expected result]	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	The Overall Objective/(Impact) of this AD is to enable the implementation of the EFSD+ Guarantee programmes by enhancing the investment projects that benefit from the guarantee with capacity building, policy support and showcasing of results	To be defined on TA project basis	To be defined on TA project basis	To be defined on TA project basis		Not applicable
Outcome 1	To complement the EFSD+ Guarantee “Growth4all Programme in the Western Balkans and Türkiye” with tailored, dedicated technical assistance	To be defined on TA project basis	To be defined on TA project basis	To be defined on TA project basis	Guarantee and TA progress reports from DFI	Not applicable
Outcome 2	To complement the EFSD+ Guarantee “HI-BAR” with tailored, dedicated technical assistance	To be defined on TA project basis	To be defined on TA project basis	To be defined on TA project basis	Guarantee and TA progress reports from DFI	Not applicable
Outcome 3	To complement the EFSD+ Guarantee “Municipal, Infrastructure and Industrial Resilience Plus” with tailored, dedicated technical assistance;	To be defined on TA project basis	To be defined on TA project basis	To be defined on TA project basis	Guarantee and TA progress reports from DFI	Not applicable
Outcome 4	To complement other EFSD+ Guarantees, which are currently under negotiation, with tailored, dedicated technical assistance.	To be defined on TA project basis	To be defined on TA project basis	To be defined on TA project basis	Guarantee and TA progress reports from DFI	Not applicable

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the Republic of Türkiye.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action is 72 months from the date of adoption by the Commission of this Financing Decision.

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

4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the Action with EU restrictive measures¹.

4.3.1 Indirect management with pillar-assessed entities

4.3.1.1 Indirect management with the European Bank for Reconstruction and Development (EBRD)

A part of this action may be implemented in indirect management with the **European Bank for Reconstruction and Development (EBRD)**. The envisaged entity has been selected using the following criteria: strong expertise and operational capacity in financing of development projects, wide presence in the country, important policy and strategic actor in the sector concerned, key implementing partner for the delivery of the EU's development assistance and well-established partnerships with the relevant Turkish authorities.

This implementation entails activities in support of achieving outputs 1, 2 and 3 under the specific objective 1, 2 and 3. Specifically, the intervention will encompass various capacity-building initiatives aimed at benefiting participating financial institutions (PFIs) involved in the Programme. These initiatives will support the PFIs in implementing their projects and will also include market-wide measures, such as policy dialogue and other feasibility studies. The envisaged entity has been selected using the following criteria:

In case EBRD would need to be replaced, the Commission's services may select a replacement entity using the same criteria. The replacement must still be an International Financial Institution (IFI) under the remaining 14 financial PIPs. If the entity is replaced, the decision to replace it needs to be justified.

¹ [EU Sanctions Map](#). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.3.1.2 Indirect management with pillar-assessed entities

The remaining part of this action may be implemented in indirect management with pillar assessed entity(ies), which will be selected by the Commission's services using the following criteria:

- International Financial Institution (IFI) under the remaining financial PIPs on Türkiye;
- track record in carrying out interventions in Türkiye in the areas of environment, climate change and energy;
- demonstrated expertise in the management of projects of comparable scope and value;
- proven experience in managing large-scale interventions also in cooperation with the Turkish responsible authorities;
- Proven presence/office in the country.

The implementation shall entail carrying out activities that should contribute to the outcome 4.

4.4. Indicative budget

Indicative Budget components	EU contribution (amount in EUR)
Methods of implementation – cf. section 4.3.	
Technical assistance component for the EFSD+ guarantee programme “Growth4All programme in the Western Balkans and Türkiye”- cf. section 4.3.1.1	625 000
Indirect management with the European Bank for Reconstruction and Development (EBRD) - cf. section 4.3.1.1	
Technical assistance component for the EFSD+ guarantee programme “HI-BAR” - cf. section 4.3.1.1.	400 000
Indirect management with the European Bank for Reconstruction and Development (EBRD) - cf. section 4.3.1.1	
Technical assistance component for the EFSD+ guarantee programme “Municipal, Infrastructure and Industrial Resilience Plus” cf. section 4.3.1.1.	500 000
Indirect management with the European Bank for Reconstruction and Development (EBRD) - cf. section 4.3.1.1	
To complement other EFSD+ Guarantees, which are currently under negotiation, with tailored, dedicated technical assistance - cf. section 4.3.1.2	1 100 000
Indirect management with a pillar-assessed entity - cf. section 4.3.1.2.	
Evaluation – cf. section 5.2 Audit – cf. section 5.3	may be covered by another Decision

Strategic Communication and Public Diplomacy – cf. section 6	will be covered by another Decision
Totals	2 625 000

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and reporting

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

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

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring will be implemented as per the conditions prescribed in the specific contribution agreements envisaged.

5.2. Audit and Verifications

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

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [*Communicating and raising EU visibility: Guidance for external actions*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

7. SUSTAINABILITY

The key aspect in ensuring the sustainability of the action's results will be a strict focus on the projects imbedded in the beneficiary's sector strategies and sector work programmes. The political commitment from the beneficiaries to keep developing and maintaining the completed infrastructures, as well as a strong involvement of the existing structures be decisive to attain and sustain the action's objective.

The local financial intermediaries will benefit from the technical assistance component of the three guarantees to design and/or adapt their products to cater for the final recipient's needs. Henceforth, "new markets" considered too risky will become better known, and thus market-attractive for the local financial intermediaries. The European Commission will also ensure that the projects financed are strictly linked to regional, central, and municipal strategies and sector work programmes, considering this a key aspect in ensuring the sustainability of the action's results.

Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as

Contract level (i.e. Grants, Contribution Agreements, any case in which foreseen individual legal commitments identified in the budget will have different log frames, even if part of the same Action Document)		
<input type="checkbox"/>	Single Contract 1	PC-28177
<input type="checkbox"/>	Single Contract 2	PC-37628
<input type="checkbox"/>	Single Contract 3	<foreseen individual legal commitment (or contract)>