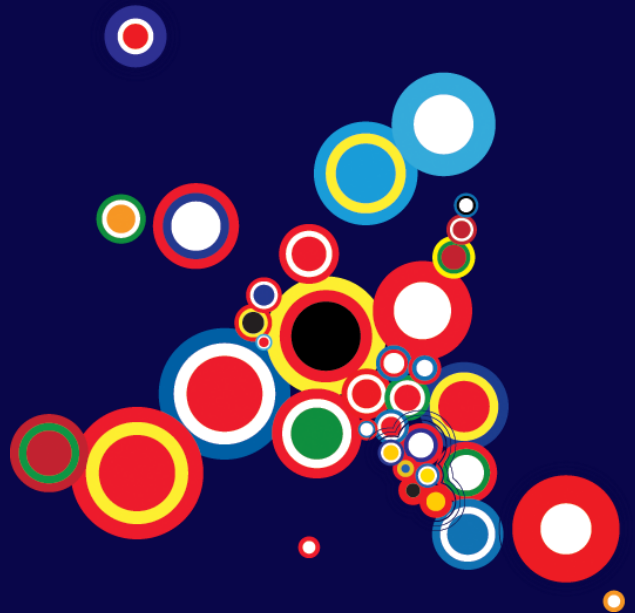




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

MULTI-COUNTRY

Trusteeship agreements for European Fund for Southeast Europe and Green for Growth Fund, and replenishment of the Green for Growth Fund TA Facility



Action summary

This action aims at securing continuation of the EU investments in the two financial instruments: the Green for Growth Fund (GGF) and the European Fund for Southeast Europe (EFSE). The GGF has been set up in 2009 to enhance energy efficiency and reduce emissions by fostering renewable energy in the Western Balkans, Turkey and the European Neighbourhood region. EFSE has been set up in 2006 with the aim to enhance finance for micro and small enterprise development in Southeast Europe and the European Eastern Neighbourhood region.

To this end, the action provides for extending the trusteeships with the European Investment Fund (EIF) in the two Funds: the GGF, its TA Facility (GGF TAF) and EFSE. All current trusteeships expire at the end of 2015. Transfer of shares to the IPA II beneficiaries would, at this stage, put at risk the financial standing of these instruments.

In addition, the action provides for an increase in the GGF TAF to continue delivery of technical assistance through intermediaries.

Action Identification	
Action Programme Title	IPA II Annual Multi-country Action Programme 2015
Action Title	Trusteeship agreements for European Fund for Southeast Europe and Green for Growth Fund, and replenishment of the Green for Growth Fund TA Facility
Action ID	IPA 2015/031-609.15/MC/EIF trusteeships
Sector Information	
IPA II Sector(s)	9. Regional and territorial cooperation
DAC Sector	23010 (for GGF), 32130 (for EFSE)
Budget	
Total cost	EUR 9 million
EU contribution	EUR 9 million
Management and Implementation	
Method of implementation	Indirect management
<i>Indirect management:</i> implementing body	European Investment Fund (EIF)
Implementation responsibilities	EIF, contact person Olivia Sommers
Location	
Zone benefiting from the action	Western Balkans and Turkey
Specific implementation area(s)	N/A
Timeline	
Deadline for conclusion of the Financing Agreement	N/A
Contracting deadline	31/12/2016
End of operational implementation period¹	31/12/2023

¹ Implementation period is much longer than in a "classical" project since it concerns financial instruments with revolving funds

1. RATIONALE

Background information

1. Current trusteeship agreements with the EIF

Green for Growth Fund (GGF)

The European Commission and the EIF entered into a trusteeship contract on 17 December 2009² in order for EIF to invest funds into the Green for Growth Fund on behalf of the European Commission (DG ELARG) for an amount of EUR 19.6 million. In November 2011³, an amended and restated trusteeship agreement was signed in order to subscribe an additional amount of EUR 19.1 million into GGF. The subscription took place on June 2011. Therefore, overall, EIF served as trustee for nearly EUR 40 million first-loss commitment in the EUR 298 million fund, set up to enhance energy efficiency and reduce emissions in the Western Balkans, Turkey and Eastern European Neighbourhood⁴.

Green for Growth Fund Technical Assistance Facility (GGF TAF)

The European Commission and the EIF entered into a trusteeship contract on 22 December 2010⁵ in order for EIF to invest funds into the newly created Technical Assistance Facility (TAF) on behalf of the European Commission (DG ELARG) for an amount of EUR 5 million. The TA facility aims at fostering the development activity of the Fund and, inter alia, assisting partner institutions (PIs) in their development in the area of energy efficiency and renewable energy toward the achievement of the Fund's mission⁶.

European Fund for Southeast Europe (EFSE)

The European Commission and the EIF entered into a trusteeship contract on 16 June 2006⁷ in order for EIF to invest funds into the European Fund for Southeast Europe (EFSE) on behalf of the European Commission. Since 2006 EIF has managed approximately EUR 110 million first-loss equity stake in the EUR 820 million fund aimed at enhancing micro and small enterprise development finance in Southeast Europe and the European Eastern Neighbourhood Region⁸. EFSE extends loans to selected financial institutions in the regions covered for on-lending to micro-enterprises and households with limited access to financial services. EFSE's partner lending institutions include commercial banks, microfinance banks, microcredit organisations and non-bank financial institutions. In 2010, G-20 selected EFSE as the best worldwide model of catalysing finance for SMEs through the online competition "G-20 SME Finance Challenge". The financing activities of EFSE are supported by a Technical Assistance Facility (financed from proceeds) targeting the final IPA II beneficiaries and intermediaries.

Under these **trusteeship** mandates, funds from the European Commission's budget are channelled to EIF, which then invests these funds into dedicated investment vehicles on behalf of the EU based on pre-defined

² 2009/228/008 and 2009/228/006

³ 2011/267-146

⁴ <http://www.ggf.lu/about-the-fund>

⁵ 2010/257-202 & 2010/257-207

⁶ <http://www.ggf.lu/technical-assistance-facility>

⁷ 2006/124-240, 2006/122-906. Amended and restated - 2008/154-338, 2009/201-622, 2009/222-012 and 2011/268-296

⁸ http://www.efse.lu/About-EFSE-----site.site..html_dir_nav.1_likecms.html

terms and parameters agreed with European Commission, without a consolidation requirement for the EIF. EIF tasks are related to:

- Management of a dedicated trust account for transfer of European Commission funds and recovery of any interest income by the European Commission and Subscription of shares in its own name and on behalf of the EU
- Representation of European Commission as shareholder, and in some cases independent board representation
- Strategic meetings between all stakeholders of the dedicated investment vehicles to ensure that European Commission interests are heard; handling ad-hoc European Commission requests regarding the dedicated investment vehicles
- Semi-annual reporting on overall progress, performance, significant events, and major operational and strategic decisions and actions taken in relation to EIF's management activities, as well as regular financial reporting (Net Asset Value of European Commission shares and yearly audited financial statements)
- Annual monitoring missions to IPA II beneficiaries of investments linked to European Commission participation

The European Commission needs to maintain its shareholdings in the funds for the schemes to remain financially viable and enjoy highest possible credit rating. Transfer of shares to the IPA II beneficiaries is hence at this stage premature and the trusteeships need to be extended. The suggested extension period is eight years, as of 2016 until 2023, aligning the duration of the European Commission participation in these instruments with other financial instruments established at the regional level, such as those under the Enterprise Development and Innovation Facility (EDIF).

As the trusteeship agreements with the EIF come to a close in November 2015, the European Commission plans to extend the trusteeships with the EIF for the Green for Growth Fund (GGF), its TA Facility (GGF TAF) and the European Fund for Southeast Europe (EFSE). The EIF is the EU dedicated risk finance institution and as such possesses unique experience in developing and implementing EU financial instruments, in particular it has as the current trustee in the two Funds a distinctive track record.

If negotiations with the above-mentioned entrusted entity fail, this action may be implemented in indirect management with the European Bank for Reconstruction and Development (EBRD). The EBRD is an experienced risk finance institution and as such possesses significant experience in developing and implementing EU financial instruments.

2. GGF TAF increase

Background of the Green for Growth Fund (GGF): The mission of the Green for Growth Fund, Southeast Europe is to contribute, in the form of a public private partnership with a layered risk/return structure, to enhancing energy efficiency (EE) and fostering renewable energies (RE) in Southeast Europe and Turkey and in the European Eastern Neighbourhood Region, predominantly through the provision of dedicated financing to businesses and households via partnering with financial institutions and direct financing.

GGF is a unique public-private partnership established in December, 2009 to promote energy efficiency in its target region and to reduce CO₂ emissions. GGF's investments seek to achieve a 20% reduction in energy consumption and/or a 20% reduction in CO₂ emissions, by

1. Refinancing Financial Institutions (local commercial banks, non-bank financial institutions such as microfinance institutions and leasing companies and other selected financial institutions) providing loans to households, businesses, municipalities and public sector for energy efficiency measures or renewable energy projects. Investments through Financial Institutions will constitute the majority of GGF's investments.

2. Providing direct financing to Non-Financial Institutions (NFIs) (energy service companies, renewable energy companies or projects, small scale renewable energy and energy efficiency service and supply companies) that meet GGF energy saving and/or emissions targets, and comply with the technical criteria and GGF exclusion list.

As an initiative of international financial institutions already active in the area of energy efficiency and renewable energy in the region, the Fund is designed to be complementary to existing programmes and funding sources and contribute to further innovations in financing and expanding the industries in Southeast Europe. Moreover, with its public-private partnership structure, GGF can leverage donor funds, in the form of first-loss C shares, and IFI funds in the form of mezzanine shares, to access private capital through senior shares and notes. This increases the effectiveness of donor and IFI funding by bringing in additional capital that might not otherwise be attracted to the sector.

GGF also seeks to increase awareness of the importance and impact of energy efficiency and renewable energy in its Target Partners, and to develop the capacity of its investees in this area and, to a lesser extent, the market in general. This is achieved through dedicated projects organised and financed by the Fund's Technical Assistance Facility (GGF TAF). GGF TAF projects include capacity building and training to GGF's partner institutions (both financial institutions and non-financial institutions), awareness raising and market enabling activities as well as validation and monitoring of energy savings and CO2 emission reductions.

An overview of the shareholder and donor structure is as follows:



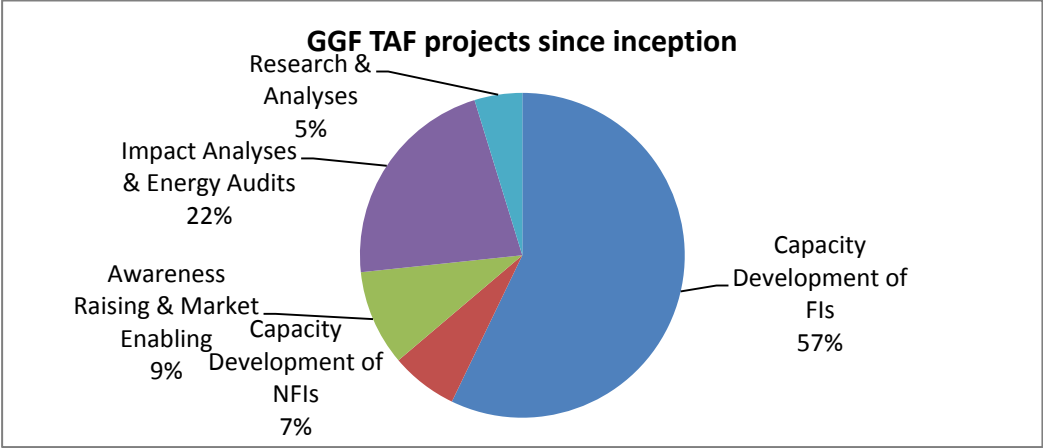
- Committed Fund Volume: **EUR 298 mil**
- Prospective Fund Volume over the next five years: **EUR 500 mil**
- **Domicile:** Luxembourg SICAV-SIF; AIFMD exempt
- **Established:** December 17 2009

Progress of the Green for Growth Fund (GGF): GGF has to date attracted commitments from new and existing investors which total EUR 296 million; during January to September 2014 alone it secured EUR 48 million in new commitments. GGF has also managed to mobilise its first private Note investors, totalling EUR 6.7 million. The investment portfolio of the Fund currently stands at EUR 230 million, with 25 Partner Institutions in 11 countries.

Mission and activities of the GGF Technical Assistance Facility (GGF TAF): Operating hand in hand with the GGF, the Technical Assistance Facility provides critical support to the Fund in achieving its goal of enhancing EE and reducing CO2 emissions. More specifically, the TAF has been instrumental in building capacity in the GGF region's financial sector and supporting the Fund in its mission to advance both EE and RE through its projects. Typical projects include energy audits, development of EE/RE loan products, portfolio analysis, staff training, monitoring and reporting and support with environmental and social compliance - for financial institutions - and financial and technical feasibility studies, and support in improving adherence to international best practices in environmental and social matters, for renewable energy projects. The TAF also finances awareness raising and market enabling activities such as sector events and publications, as well as studies to inform the Fund on strategic topics. Through these activities, the TAF has been instrumental in building capacity in the financial sectors in the GGF region to advance EE and RE.

Key figures of the Technical Assistance facility since inception

- 105 TA projects managed since inception for a volume of EUR 7.5 million
- Working with 30 Partner Institutions (or potential PIs): 27 FIs + 3 NFIs
- Utilizing 38 different service providers and consulting companies
- Committed TAF Fund Volume EUR 11.3 million



PROBLEM AND STAKEHOLDER ANALYSIS

1. Trusteeship agreements

The three current trusteeship agreements are due to expire on 30 November 2015. The European Commission wants to maintain the trusteeship structure in relation to GGF, GGF TA and EFSE via either a continuation of trusteeship agreement with EIF, or a new trusteeship agreement with the EBRD. Most trusteeships are to run until the same future deadline, securing a harmonised approach to the implementation of the European Commission financial instruments. Besides GGF and EFSE, EU funds also provide for the Western Balkans Enterprise Innovation and Expansion Funds (WB EDIF), targeting the financing needs of SMEs in the region. The financial instruments established also enjoy the highest possible credit rating due to the Commission participation and their long-term viability relies on the European Commission continued commitment. The deadline of end 2023 provides for sufficient time securing the optimal support to the SMEs on the ground and for a careful exit strategy for the European Commission in due time.

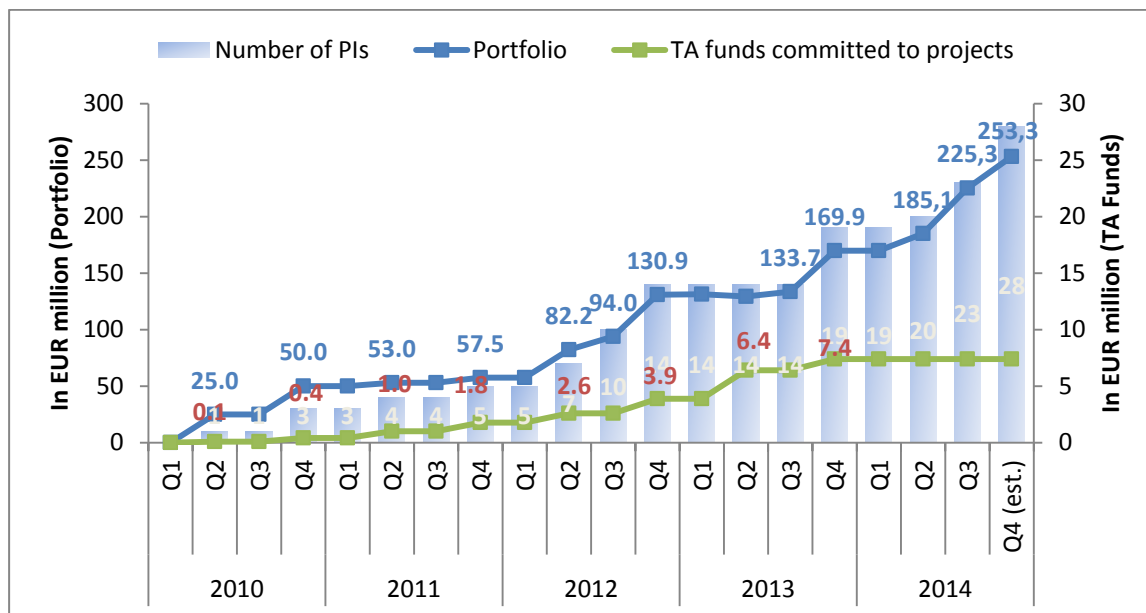
2. Further funding request for TA

In addition to the contract extension, the EIF, as the trustee of EU funding as the largest donor to the TA facility requested further funding of EUR 5.8 million to the GGF TA facility (existing contract). The following aspects summarise the logic behind the funding request⁹:

The Fund is planned to finance and support approximately 40 partner institutions in thirteen countries over the next three years, building up an investment portfolio of approximately EUR 500 million. In support of the Fund’s increased investments and in response to the strong demand for capacity building in the financial sector and related services, such as energy audits, the Fund’s Technical Assistance Facility requires EUR 5.8 million is for its core region, Southeast Europe.

⁹ To be noted that GGF also indicated the need for such funding in a memo to the European Commission dated 29 April 2014

Investment portfolio and TA Funding



EU funding and impact

The EU has been the key donor to the TAF. The initial commitment of EUR 5 million enabled the fund to implement a broad range of well-tailored TA measures. Funds were efficiently and effectively allocated to projects in Southeast Europe and Turkey, with measurable impact on energy savings and CO2 reductions. Of the EUR 5 million, EUR 4.5 million have already been allocated to a total of 49 projects. The majority of projects are dedicated to capacity development for Financial Institutions on EE lending or environmental and social aspects. Other projects facilitate Impact Analyses and Energy Audits to ensure the monitoring and reporting of energy savings and CO2 emission reductions of the measures financed by the partners of the Fund. In addition, several activities focused on supporting RE project developers. Further, several awareness raising and market enabling activities as well as research and analyses have been conducted or are under preparation, activities which are increasingly relevant to support the Fund's operations.

The TAF activities present a strong, sustainable impact for all stakeholders and the development of the market. This was confirmed in the **Results Oriented Monitoring mission (ROM)** in autumn 2013. Some key conclusions from the ROM are:

- The TAF support for improving energy efficiency is decisive for competitiveness, security of supply and for meeting the commitments on climate change made under the Kyoto Protocol.
- GGF and GGF TAF activities contribute directly to reductions in the greenhouse gas emissions that cause climate change and to increased energy efficiency.
- TAF provides targeted technical assistance and facilitates the sustainable impact of the Fund's activities.
- TAF activities are directly relevant to environmental objectives and promote high standards of responsible lending practices.

- There is a high level of commitment (ownership) by the supported Partner Institutions.

RELEVANCE WITH THE IPA II MULTI-COUNTRY STRATEGY PAPER AND OTHER KEY REFERENCES

Through its trusteeship arrangements, the European Commission is able to invest into the GGF, GGF TA and EFSE Funds. These funds promote the objectives and cater for the policy objectives of the Multi country Indicative Strategy Paper 2014-2020¹⁰ insofar as:

- They are active in the relevant geographical region of Southeast Europe and Turkey, as well as in the nearby European Eastern Neighbourhood region.
- They promote various standards relevant to the EU *acquis*, relating to energy efficiency objectives as well as in support of SME and micro enterprise development and growth;
- They further both, socio economic regional development through the sustainable provision of long term funding instruments to qualified partner lending institutions to better serve the financing needs of micro and small enterprises as well as low income private households, and seek to promote real and measurable savings in primary energy and CO2 emissions;
- They contribute towards achieving the goals of Europe 2020, the European Union's strategy for growth in the coming decade and for advancing its enlargement and European neighbourhood agendas. Closely linked to this are also the goals of RCC's SEE 2020 strategy, aimed at improving living conditions in the region and bringing competitiveness and development back in focus.

These funds have had significant impact to date:

GGF is performing well, with new investments in the first nine months of 2014 totalling EUR 67 million, resulting in a portfolio of EUR 225 million with 23 PIs (as at Q3 2014), it is progressing steadily towards achieving its business plan objectives and has built a highly diversified portfolio with high development impact as well as a strong investment pipeline.

GGF TAF is also performing well, with almost full allocation of its EUR 5 million initial funding having been invested in 49 projects as detailed earlier. Such projects involve capacity building for FIs and renewable energy lending, promoting of EE showcase projects and setting environmental and social standards among others¹¹.

EFSE is showing a healthy portfolio growth and stable risk profile continues amidst real sector and political challenges in most of the EFSE region due to well-tailored and efficient delivery. A strong pipeline provides confidence for achieving the business plan target portfolio of EUR 891 million by the end of 2014 and an active engagement exists to seek opportunities and provide support, e.g. with regard to the aftermath of the severe flooding in parts of SEE.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

GGF TAF

The Results Oriented Monitoring (ROM) mission carried out at the end of 2010 concluded that the TAF is successfully providing support to develop the capacity of financial and non-financial institutions to implement EE/RE investments. The TAF is organised to respond quickly and with flexibility to new challenges in a changing environment. The ROM further recommended that the European Commission should continue to financially support the activities of the TAF¹².

¹⁰ C(2014) 4293, 30.06.2014

¹¹ <http://www.ggf.lu/technical-assistance-facility/project-examples>

¹² ROM WBT Monitoring Report, project number 2010 / 257-207

EFSE

EFSE was established as a result of a consolidation effort concerning the EU financing in the region going back to the late nineties when revolving loans were provided to support the reconstruction of destroyed houses and the creation of SMEs to encourage return and stabilisation. These were at the time managed separately and came from individual country programmes. At the time of these commitments' expiry around 2004/2005 all funding was consolidated and replenished through consecutive agreements with EIF including the final amendment and restatement in 2011. The proposed trusteeship arrangement for EFSE is hence to build on this consolidation effort and the latest restated EFSE trusteeship. While no additional investments are being made into the Fund, the current European Commission participation being considered sufficient, additional funding is to cover the estimated annual trusteeship fees.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	
To foster economic development and prosperity in South East Europe through the provision of development financing for Energy Efficiency, Renewable Energy projects and micro-finance.	GGF's investments - annual reduction of energy consumption in MWh/year and CO2 emissions in tons/year. Net enterprise creation (new business per year)	Eurostat National Statistics Institutes SEE 2020 Strategy monitoring Fund Results Indicators: e.g. Environmental and Social Performance Requirements, Monitoring and Reporting findings & Impact monitoring - published publicly. EU level data on NEEAP, Energy Community Secretariat GGF Annual Plan and Annual Report EU ROM Report (as applicable) Fund reporting system/Internal documents (reports)	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
To attract private sector capital to the Funds and thereby leverage investments into the region for the development of energy efficiency, renewable energy projects and micro-finance To build capacity in the GGF region's financial sector through technical assistance in order to enhance EE and reduce CO2 emissions.	Increased level of additional funds attracted to GGF Steadily increasing business figures for GGF and EFSE Number of partner institutions in energy specific lending (including EE and RE) and associated TA projects (numbers/budgets)	National Statistics Institutes SEE 2020 Strategy monitoring Fund results indicators – e.g. private sector involvement & investor/donor statistics Quarterly GGF TAF reports, other regular or specific monitoring report documents	Sustained market conditions in SEE and Beneficiary economies to permit such private sector financing The TA programme is delivered according to the needs of the Fund's investments and Partner Institutions in the target countries
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
Result 1: (GGF trusteeship) Enable trustee to represent European Commission in GGF and to provide periodic reports on the performance of GGF to the European Commission as shareholder in the fund.	Semi-annual reports to be provided to European Commission by the trustee	GGF Semi Annual Progress Reporting	That the underlying Fund Manager provides timely and accurate information to the trustee as shareholder representative
Result 2: (GGF TAF replenishment) European Commission and the trustee to discuss implementation process on a regular basis, together with the GGF Manager 20% reduction in primary energy consumption across the Fund's portfolio 20% reduction in CO2 emissions across the Fund's portfolio	Semi-annual meetings to be organised by the trustee Annual reduction of energy consumption in MWh /year Annual reduction of CO2 emissions in tCO2/year	Semi-annual meeting minutes eSave data records	That the parties to the meeting are available and adequately prepared Continued robust reporting, as confirmed from time to time by comprehensive verification exercises
Result 3: The trustee to carry out monitoring of underlying operations on behalf of the European Commission.	Monitoring missions to be organised by the trustee	Findings of monitoring missions	That the Fund Manager facilitates this process

Result: (EFSE trusteeship) Continued improved access to credit for micro-enterprises and households	Number of loans' growth Number of end borrowers since inception	EFSE quarterly, semi-annual and annual reports	Macro-economic situation in the region and in Europe remains stable and/or improves
ACTIVITIES	MEANS	OVERALL COST	ASSUMPTIONS
Activities to achieve Result 1 and 3: <ul style="list-style-type: none"> • Supervision & Management services • Shareholder representation • Reporting • Monitoring • Semi-annual meetings 		EUR 1.6 million	
Activities to achieve Result 2 (GGF TA): Capacity Development of Financial Institutions on EE Lending or environmental and social aspects. Impact Analyses and Energy Audits to monitor energy savings and CO2 emission reductions Supporting RE project developers Awareness raising and market enabling activities Research and Analysis Tangible products or services delivered by the Action. Other technical assistance services as required by the partner institutions	The Technical Assistance is delivered according to the policy and procurement guidelines of the Technical Assistance Facility of the GGF Fund in the form of consulting contracts with external experts, where the IPA II beneficiary is the partner financial institution or project	EUR 5.8 million	Ability of GGF TA Facility team to deliver the services via external consultants and in line with internal policies Stable or increased investment growth of the Fund and hence partner institutions requiring Technical Assistance
Activities to achieve Result (EFSE trusteeship): : Provision of trusteeship service by the trustee to the Commission Subscription of shares	Trusteeship agreement	EUR 1.6 million	Sustained cooperation among European Commission, trustee & Fund Manager

ADDITIONAL DESCRIPTION

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

GGF

GGF's Board of Directors, elected from a list of candidates submitted by the shareholders, exercises oversight of the fund and determines its strategic positioning and overall approach. Additionally, it supervises the service provider relationships that work on an operational level for GGF.

The Board of Directors has appointed an Investment Committee comprised of specialists in the fields of finance and renewable energy. The Investment Committee oversees the activities of the Investment Manager, and is responsible for approving all investment decisions of GGF. This ensures that GGF invests in Partner Institutions that comply with GGF's Investment Guidelines and Issue Document and follow the strategic vision laid out by the Board of Directors.

Similarly, the Technical Assistance Facility Committee is comprised of representatives of the Facility's donors and GGF's initiating shareholders and lead investors, EIB and KfW.

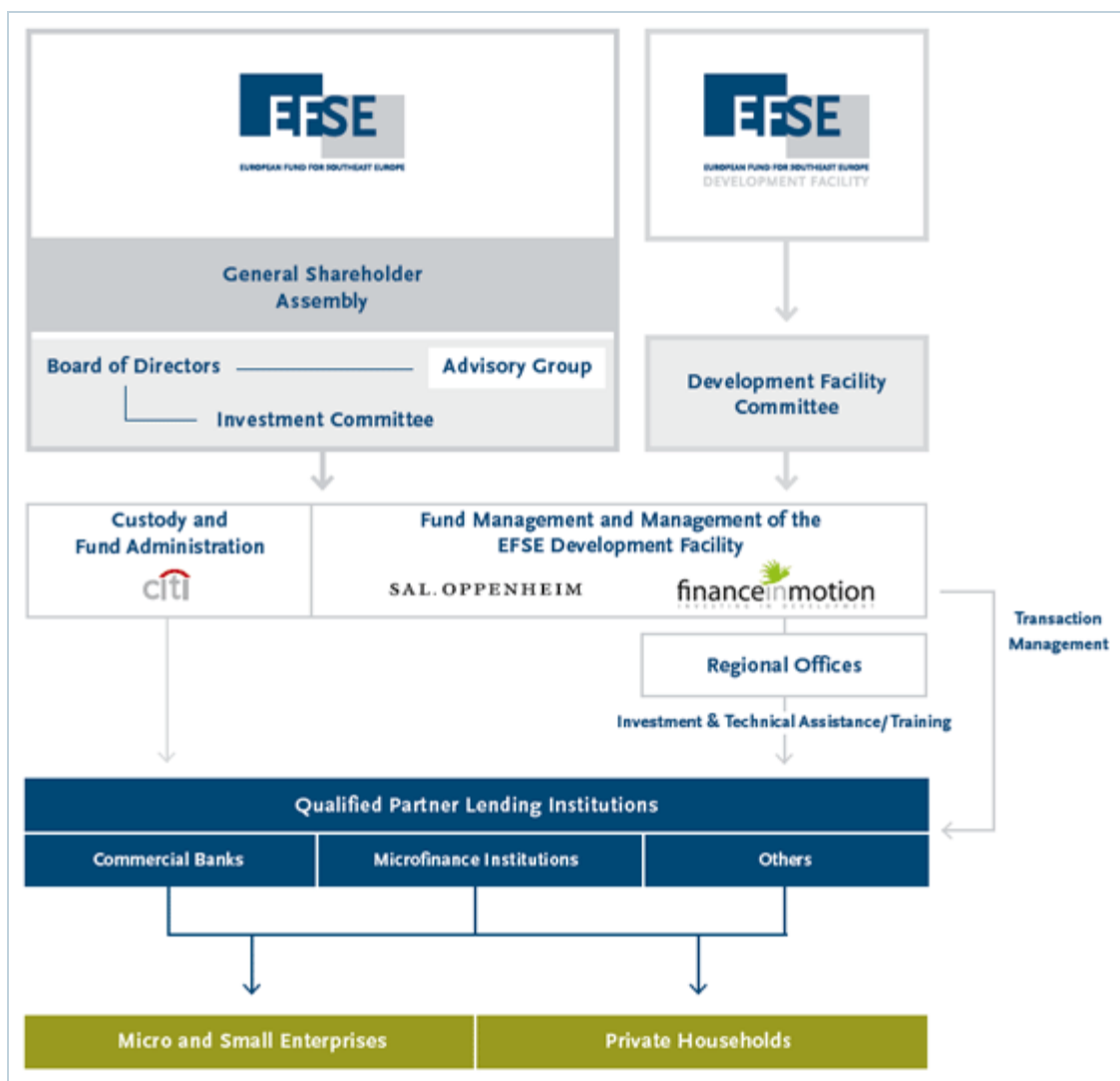
Through a competitive tendering process, the shareholders have selected specialist firms to provide professional services to GGF. The Investment Manager, Auditor, Custodian, Administrator and Domiciliary Agent all play important roles in GGF's operations. The Investment Manager has partnered with an Investment Advisor and Technical Advisor to ensure that each investment proposed to the Investment Committee has been thoroughly reviewed with a full detailed analysis of all potential risks. The Board also appointed a Technical Assistance Facility Manager to conduct arms-length coordination and management of GGF's technical assistance under the supervision of the Technical Assistance Facility Committee.

INSTITUTIONAL STRUCTURE



EFSE

The General Assembly of Shareholders is the highest level of authority. The main decision-making powers lie with the Board of Directors supported by its technical committees: the Investment Committee and the EFSE Development Facility Committee. KfW – an AAA-rated institution – is the Fund’s lead investor and initiator. The Board of Directors comprises representatives from international financial institutions and donors, provides access to a wealth of diverse knowledge and experiences, and has the authority in decision-making. It also appoints the Investment Committee – a specialist body that supports the Board in key decisions on investment transactions. The Development Facility of EFSE is operated separately alongside the Fund. All activities financed by the EFSE Development Facility require the prior authorization of the EFSE Development Facility Committee, which is made up of representatives from donor agencies that contribute grant funding to the EFSE Development Facility. Finally, the Advisory Group, formed by the Governors and other high-level representatives from central banks in the target countries provides EFSE with better linkages to local realities, concerns and needs, shares local experiences and makes recommendations to the Fund Management and the Board of Directors in terms of policies and operations. The day-to-day management of both the Investment Fund and the EFSE Development Facility is entrusted to a group of professional service providers.



IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

Indirect Management – Delegation Agreements with EIF (amendment of existing trusteeships).

Both funds are financial instruments; hence in accordance with Title VIII of the Financial Regulation, contracts fall under indirect management. As the trusteeship agreements with the EIF come to a close in November 2015, the European Commission plans to extend the trusteeships with the EIF for the Green for Growth Fund (GGF), its TA Facility (GGF TAF) and the European Fund for Southeast Europe (EFSE). The EIF is the EU dedicated risk finance institution and as such possesses unique experience in developing and implementing EU financial instruments, in particular it has as the current trustee in the two Funds a distinctive track record.

If negotiations with the above-mentioned entrusted entity fail, this action may be implemented in indirect management with the European Bank for Reconstruction and Development (EBRD). The EBRD is an experienced risk finance institution and as such possesses significant experience in developing and implementing EU financial instruments.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

DG NEAR is monitoring trusteeships for GGF, GGF TAF, and EFSE via semi-annual meetings with the trustee (currently EIF) and the professional service providers and reports as described in the matrix and results indicators below. The semi-annual meetings are held before the Board meetings and provide an opportunity to discuss in detail the Funds' investment strategies, standing, operational performance and the European Commission investment considerations. The quarterly reports provide a detailed overview of the funding portfolio, investment portfolio, portfolio quality, social performance, financial statements and the latest news.

The trustee is monitoring GGF and EFSE work, according to the trusteeship agreements and the matrix and results indicators below.

The European Commission may carry out a [mid-term][final][ex-post] evaluation for this action or its components [via independent consultants][through a joint mission][via an implementing partner]. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the DG NEAR guidelines for evaluations. In addition, the Action might be subject to external monitoring in line with the European Commission rules and procedures set in the Financing agreement.

INDICATOR MEASUREMENT – MANAGEMENT OF EUROPEAN COMMISSION FUNDS BY EIF FOR THE GREEN FOR GROWTH FUND (GGF) AND THE GGF TECHNICAL ASSISTANCE FACILITY (GGF TAF); REPLENISHMENT OF THE GGF TECHNICAL ASSISTANCE FACILITY (GGF TAF) OF EUR 5.8 M

Indicator	Baseline 2010 (2)	Milestone 2017(3)	Target 2020 (4)	Final Target 2023 (5)	Source of information
MCSP indicator (impact/outcome)...(1)					
Number of partner institutions in energy specific lending (including EE and RE) and associated TA projects	3	47	55	65	Fund reporting system
Annual reduction of energy consumption in MWh/year	29,700 MWh	1,490,658 MWh	1,787,377 MWh	2,950,000 MWh	Fund reporting system
Annual reduction of CO2 emissions in tons/year	6,500 tCO2	383,654 tCO2	459,898 tCO2	890,000 tCO2	Fund reporting system
Number of reports provided by the trustee under the trusteeship agreement	2 semi annual reports per year	2 semi annual reports per year	2 semi annual reports per year	2 semi annual reports per year	GGF Semi Annual Progress Reporting
Semi-annual meetings together with the Fund Manager to discuss progress and implementation	2 meetings to be organised per year	2 meetings to be organised per year	2 meetings to be organised per year	2 meetings to be organised per year	GGF Semi annual meeting minutes
Monitoring activities relating to the Fund	1 monitoring mission per year to be conducted	1 monitoring mission per year to be conducted	1 monitoring mission per year to be conducted	1 monitoring mission per year to be conducted	Findings of the monitoring mission

(1) This is the related indicator as included in the Indicative Strategy Paper (for reference only)

(2) The agreed baseline year is 2010 (to be inserted in brackets in the top row). If for the chosen indicator, there are no available data for 2010, it is advisable to refer to the following years – 2011, 2012. The year of reference may not be the same either for all indicators selected due to a lack of data availability; in this case, the year should then be inserted in each cell in brackets. The baseline value may be "0" (i.e. no reference values are available as the Action represents a novelty for the beneficiary) but cannot be left empty or include references such as "N/A" or "will be determined later".

(3) The milestone year CANNOT be modified: it refers to the mid-term review of IPA II.

(4) The target year CANNOT be modified.

(5) This will be a useful reference to continue measuring the outcome of IPA II support beyond the 2014-2020 multi-annual financial period. If the Action is completed before 2020 (year for the performance reward), this value and that in the 2020 target column must be the same.

INDICATOR MEASUREMENT - MANAGEMENT OF EUROPEAN COMMISSION FUNDS BY EIF FOR THE EUROPEAN FUND FOR SOUTHEAST EUROPE (EFSE)

Indicator	Baseline (2012/13) (2)	Milestone 2017(3)	Target 2020 (4)	Final Target 2023 (5)	Source of information
Outcome indicator (1): <i>Net enterprise creation – number of new businesses per year</i>	19,492	N/A	33,760		National Statistics institutes, SEE 2020 Strategy monitoring
Number of end borrowers since inception (total figure for EFSE)	500,000	710,000	860,000	1,010,000	EFSE Progress Reporting
Activity indicators (trustee reporting and monitoring)	2 semi-annual reports and meetings per year 1 monitoring mission per year	2 semi-annual reports and meetings per year 1 monitoring mission per year	2 semi-annual reports and meetings per year 1 monitoring mission per year	2 semi-annual reports and meetings per year 1 monitoring mission per year	EFSE Progress Reporting and meeting minutes Findings of the EFSE monitoring missions

(1) This is the related indicator as included in the Indicative Strategy Paper (for reference only)

(2) The agreed baseline year is 2010 (to be inserted in brackets in the top row). If for the chosen indicator, there are no available data for 2010, it is advisable to refer to the following years – 2011, 2012. The year of reference may not be the same either for all indicators selected due to a lack of data availability; in this case, the year should then be inserted in each cell in brackets. The baseline value may be "0" (i.e. no reference values are available as the Action represents a novelty for the beneficiary) but cannot be left empty or include references such as "N/A" or "will be determined later".

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(4) The target year CANNOT be modified.

(5) This will be a useful reference to continue measuring the outcome of IPA II support beyond the 2014-2020 multi-annual financial period. If the Action is completed before 2020 (year for the performance reward), this value and that in the 2020 target column must be the same.

5. CROSS-CUTTING ISSUES

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

The Technical Assistance Facility of the Green for Growth Fund, Southeast Europe supports the Fund in achieving its goal of enhancing energy efficiency and reducing CO2 emissions through support of the renewable energy sector. It operates hand in hand with the GGF. By combining investments with targeted technical assistance, the GGF strives to build up capacities within its partner institutions that ensure the long-term effectiveness of its "green" investments.

EFSE investments do not pursue environmental objectives per se, however whenever required, it will support SMEs to comply with environmental regulations and to promote energy efficient technologies and environmental protection.

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

The action targets SMEs directly and addresses their problems related to access to finance.

EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING

Development of women entrepreneurship has been identified as an engine for job creation and economic growth. In the Western Balkans, this source of business, however, remains largely unused and female participation in the labour force remains limited. Promoting entrepreneurship and SME growth in the region, the Action will, to the extent possible, address these limitations following the principles and practice of equal opportunities.

MINORITIES AND VULNERABLE GROUPS

Not applicable.

6. SUSTAINABILITY

Both, EFSE and GGF, constitute complex joint undertakings among a number of institutional and private partners. Sustainability of these actions rests on continued cooperation of all parties and their financial involvement. This cooperation is also framed through complex legal arrangements of the two investment vehicles. Through the EU trusteeship arrangements, the important EU participation in the Funds is to be secured for the next period hence providing for their financial stability.

7. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the Action. All necessary measures will be taken to make public the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the European Commission (DG NEAR) will have to be followed.

The implementation of the communication activities shall be the responsibility of the contractors, and shall be funded from the amounts allocated to the Action. Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be undertaken to strengthen general public awareness and promote transparency and accountability on the use of funds.

The European Commission shall be fully informed of the planning and implementation of the specific visibility and communication activities. Both EFSE and GGF implement their respective communication strategies and have dedicated websites. For the purposes of this joint action, GGF, GGF TAF, and EFSE will ensure that communication and visibility are in line with the provisions laid out by the European Commission.