ANNEX 4 to the

COMMISSION IMPLEMENTING DECISION

on the Annual Action Programmes 2015 part II and 2016 part I in favour of the Asia region to be financed from the general budget of the European Union

Action Document for a contribution to the Asian Investment Facility (AIF)

<table>
<thead>
<tr>
<th>1. Title/basic act/CRIS number</th>
<th>Contribution from the 2015 and 2016 general budgets of the European Union to the Asian Investment Facility (AIF) CRIS number: DCI-ASIE/2015/038-088 financed under the Development Cooperation Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Zone benefiting from the action/location</td>
<td>DCI regions &quot;South Asia&quot; and &quot;North and South East Asia The action shall be carried out at the following location: all countries of Asia eligible under the Multiannual Regional Indicative Programme for Asia for the period 2014-2020</td>
</tr>
<tr>
<td>3. Programming document</td>
<td>Multiannual Regional Indicative Programme for Asia for the period 2014-2020</td>
</tr>
<tr>
<td>4. Sector of concentration/thematic area</td>
<td>Promotion of a Green Economy, i.e. &quot;an economy that generates growth, creates jobs and eradicates poverty by investing in and preserving the natural capital upon which the long-term survival of our planet depends&quot;. ¹</td>
</tr>
<tr>
<td>5. Amounts concerned</td>
<td>Total estimated cost: EUR 45 million Total amount of EU budget contribution: EUR 45 million The contribution is for an amount of EUR 25 million from the general budget of the European Union for financial year 2015 and for an amount of EUR 20 million from the general budget of the European Union for financial year 2016, subject to the availability of appropriations following the adoption of the relevant budget This action is co-financed by entities and for amounts specified in the indicative project pipeline which is an appendix of this Action Document</td>
</tr>
<tr>
<td>6. Aid modality(ies) and implementation modality(ies)</td>
<td>This action shall be implemented in indirect management by entities to be indicated in complementary financing decisions to be adopted at the end of the Regional Blending Facilities award procedure</td>
</tr>
<tr>
<td>7. DAC code(s)</td>
<td>23010 Energy policy and administrative management</td>
</tr>
</tbody>
</table>

¹ Definition provided in the EU contribution to the Rio+20 process (COM(2011) 363 final. Rio+20: towards the green economy and better governance).
8. Markers (from CRIS DAC form)

<table>
<thead>
<tr>
<th>General policy objective</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Main objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation development/good governance</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Aid to environment</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>Gender equality (including Women In Development)</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Trade Development</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Reproductive, Maternal, New born and child health</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RIO Convention markers</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Main objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biological diversity</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Combat desertification</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change mitigation</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change adaptation</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
</tbody>
</table>

9. Global Public Goods and Challenges (GPGC) thematic flagships

N/A

**SUMMARY**

The Asian Investment Facility (AIF) was created in 2010 under the former Development Cooperation Instrument (DCI) and the Regional Strategy – Asia Region - and then aligned to the objectives of the new DCI Regulation\(^2\) and of the new Regional Strategy - Asia Region\(^3\) and Multiannual Regional Indicative Programme for Asia for the period 2014-2020\(^4\). Its main purpose is to promote additional investments and key infrastructure with a priority focus on climate change relevant and "green" investments in the areas of energy, environment, and transport. In addition, capital may be provided in particular to small and medium sized enterprises (SMEs) and to social sector investments. Where relevant and possible, a regional dimension can be included to the above mentioned sectors.

In order to further improve the effectiveness of blending operations in meeting their policy objectives of poverty reduction and socio-economic development as well as the efficiency of their management including a reduction of transaction costs, blending operations will be managed under the "DCI blending framework", with three facilities covering Asia (AIF), Central Asia (IFCA), and Latin America (LAIF). Financing of the DCI blending framework will be possible from DCI Regional and Bilateral Multi-Annual indicative programmes as well as relevant Thematic Programmes.

The Facility is designed to combine EU grants with other public and private financing. By reducing, through co-financing, the overall cost of the project or perceived risk or by


\(^3\) Decision C(2014) 9382

\(^4\) Decision C(2014) 6112
subsidising interest rates and/or financing technical assistance, the Facility will encourage the beneficiary governments, private sector and/or public institutions to carry out essential investments in sectors which would otherwise be postponed due to lack of resources. This action is a continuation of the support provided to the AIF through the 2011 decision C(2011)9053, the decision C(2013)8672 and the decision C(2014)8785.

1. **CONTEXT**

1.1. **Regional context**

Asia is a vast and non-homogenous continent, very diverse in population, languages, races, religions, traditions, cultures, economic development and socio-political systems. Wealth and economic performances reflect this diversity and have been unevenly distributed across the region and across countries. As a result, poverty remains a significant challenge as Asia is still home to two thirds of the world poor, although it is worth noting a middle class is gradually developing thanks to the combination of economic growth and improved access to secondary and tertiary education.

The region covered by the EU-Asia regional cooperation accounts for more than half of the world’s population, a significant part of the world economic wealth created every year, and is home to two of the ten largest economies in the world, China and India. Fast growth rates in the region are achieved at the cost of environmental degradation. In this context, EU support to regional cooperation aims at contributing to the smooth, fair and sustainable development of Asia while coping with common problems and globalisation challenges, in particular the setting up of common rules and fair trade to facilitate regional integration, environment preservation, the reduction of poverty pockets, humanitarian aid supporting uprooted people and the amplification of the emergence of a middle class through access to tertiary education programmes internationally recognized.

1.2. **Sector context: policies and challenges**

The Rio+20 Outcome, strongly supported by the EU, identifies the transition to a green economy as a key goal of sustainable development. Under the Regional Asia programme green economy is addressed in two areas. The first area is the adoption of sustainable consumption and production techniques by Asian manufacturers and service providers, in order to decouple economic growth from environmental degradation and natural resource depletion that so often accompany it. The second area is the leveraging of investment funding in green infrastructure that will limit the emission of CO2 and equivalents and increase resilience to climate change in vulnerable countries. The AIF is the vehicle for leveraging this investment funding. These continental programmes will contribute to achieving the EU’s target of at least 20% of spending on climate change adaptation and mitigation.

1.3. **EU policy framework**

In accordance with the Regulation (EU) No 236/2014, the Union should seek the most efficient use of available resources in order to optimise the impact of its external action. That should be achieved through coherence and complementarity between the Union's instruments for external action, as well as the creation of synergies between the Instruments and other policies of the Union. This should further entail mutual reinforcement of the programmes.

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5 Regulation of the European Parliament and of the Council (EU) No 236/2014 of 11 March 2014 establishing common implementing rules and procedures for the implementation of the Union's instruments for external action
devised under the Instruments, and, where appropriate, the use of financial instruments that have a leverage effect.

1.4. **Stakeholders**

The beneficiaries of the Facility will be the Asian countries, either directly or indirectly through their central, regional and local administrations or semi-public institutions, and the private sector, in particular local FI and SMEs in the context of operations dedicated to private sector development.

In addition, stakeholders include European financial institutions that are eligible to become Lead Financial Institutions in the context of AIF funding.

In accordance with Article 4 e) the Regulation (EU) No 236/2014, financial instruments shall be implemented whenever possible under the lead of the European Investment Bank (EIB), a multilateral European financial institution such as the European Bank for Reconstruction and Development (EBRD), or a bilateral European financial institution.

In accordance with the recommendations made under the EU Platform for Blending in External Cooperation, the involvement of non-European FIs as lead financiers should be examined by the board on a case by case basis following a targeted approach, based on the specific added value as a lead financier brought in a particular project or region. This would include those aspects in which non-European Financial Institutions might contribute to fill the gap left by European Financial Institutions, in particular regarding their:

a. specific thorough knowledge of local conditions and presence in the region,

b. specific analytical capacities and specific expertise and know-how, notably on private sector financing and the promotion of financial instruments and /or of innovative financing tools that attract private funding,

c. specific know-how and experience in relevant sectors,

d. additional technical and/or financial capacity to substantially leverage further resources.

In accordance with the recommendations made under the EU Platform for Blending in External Cooperation, non-European financial institutions active in a particular region should be invited to attend technical and board meetings as observers.

1.5. **Priority areas for support/problem analysis**

See point "1.2. Sector context: policies and challenges"

2. **RISKS AND ASSUMPTIONS**

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt level of beneficiary countries is not sustainable.</td>
<td>M</td>
<td>Close attention is paid to this issue during the project selection process. This is facilitated by detailed information that the applying Financial Institution needs to provide on the application form.</td>
</tr>
</tbody>
</table>

**Assumptions**
• The political and security climate at the regional as well as country level in Asia will remain sufficiently stable to promote and secure investments.
• Partner countries are ready to increase the level of investments through their own resources as well as through loans.
• The Financial Institutions’ pipeline of projects is of sufficient volume and quality to consume the present allocation to the Asia Investment Facility within the period n+1.
• Financial Institutions' capability to provide sufficient loan amounts also depends on the availability/accessibility of financial guarantees/grant resources in countries with a concessionality requirement.
• Partner countries and other local beneficiaries must be supportive to the projects prepared by the eligible European Financial Institutions.

3. **Lessons Learnt, Complementarity and Cross-Cutting Issues**

3.1. **Lessons learnt**

The AIF draws to the maximum extent possible lessons from previous similar experiences through reviews, assessments, monitoring results (Results Oriented Monitoring), evaluations of previous actions and, where possible, other assessments from other donors, relevant to this specific action.

An evaluation of the EU regional cooperation with Asia was carried out in 2013, but all AIF projects were still ongoing at the time of the evaluation, so that their development impact could not be assessed.

Over the period 2007-2013, two facilities were subject to a mid-term evaluation (MTE), the Infrastructure Trust Fund (ITF) in 2012 and the Neighbourhood Investment Facility (NIF) in 2013. Both evaluations concluded that the facilities are valuable and effective instruments supporting the development of infrastructure in Africa and the objectives of the European Neighbourhood Policy (ENP). In particular, project identification, relevance and design were considered positive, and both instruments achieved their goal of leveraging significant financial resources. The MTE’s also pointed to the significant contribution brought to the development of partnerships and increased coordination and cooperation among financial institutions as well as with the Commission. A number of recommendations were made, notably in terms of improvements to the decision making structure and in particular the role of EU Delegations and partner countries, further exploring the involvement of private sector, as well as the use of specific financial instruments such as risk mitigation instruments, and finally the implementation of a result measurement framework.

These findings have been used, with other reports, by the Platform for Blending in External Cooperation (EUBEC), set-up in December 2012, to make concrete recommendations for further increasing the effectiveness of aid delivered by the European Union through blending. At the same time, the Court of Auditors published a special report on blending in October 2014. The conclusions were very much in line with the above: blending the regional investment facility grants with loans from FIs to support EU external policies was found generally effective, and projects were relevant. The recommendations covered the following aspects: need to improve the documentation on additionality of the grant, ensure the maturity of projects submitted to the facilities' Boards, produce guidelines, ensure a more pro-active role of Delegations, simplify the decision making process, improve the Commission's monitoring of the projects, and ensure appropriate visibility for EU funding.
Part of these recommendations has already been dealt with by the EU Platform with the development of a harmonized and improved project application form and related guidelines as well as the development of a results measurement framework including standard indicators.

Finally, DCI blending facilities have been working since 2014 in context of a revised and harmonized governance framework that improves the accountability of the decision making process while reducing transaction costs.

3.2. Complementarity, synergy and donor coordination

AIF provides Asian countries with the possibility to fund investments where funding cannot not (yet) be obtained on the financial market. It is funded under the EU’s Regional Indicative Programme 2014 – 2020 for the region of Asia and the various National Indicative Programmes, thus, focuses on activities that are in line with the priorities of these Regional and/or National Indicative Programmes respectively.

Notably, AIF, as it encourages green investments\(^6\), is complementary to the SWITCH-Asia, which pursues a similar objective, the former focusing mainly on larger infrastructure projects, the latter on SME's smaller scale projects. SWITCH has been tentatively allocated EUR 120 million over the programming period 2014-2020.

By combining grant funds from the European Commission’s budget with loans from European Financial Institutions, the Facility promotes coherence and enhanced coordination between donors, in line with the Paris Declaration principles and in compliance with the Regulation (EU, Euratom) No 966/2012. Under AIF, EU Member States’ financial resources reinforce EU resources. AIF is thus able to finance larger operations and bring more EU visibility than classical stand-alone projects. In addition, the EU will be able to exert greater influence on the beneficiary governments or their public bodies to carry out necessary reforms along with needed physical investments.

Following the recommendations of the EU Platform for Blending in External Cooperation, the involvement of non-European FIs, in particular regional banks to act as lead FIs is to be examined by the Board of the relevant blending framework on the basis of their value added to a particular project or region. In addition, non-European FIs active in a particular region should be invited to attend relevant meetings as observers in technical meetings as well as meetings of the board. For AIF, so far, the Asian Development Bank has been awarded the observer status within the Facility’s governance structure.

3.3. Cross-cutting issues

Partner countries and eligible financial institutions will ensure that all projects financed from the EU budget respect the EU’s principles in terms of human rights, decent work, environmental protection, public procurement, state aid, and equal opportunities.

Synergies between the blending facilities and EU funded (regional) capacity building programmes and, where applicable, policy reform instruments including sector budget support will be sought.

\(^6\) A green investment is to be understood as an investment that promotes green economy (see definition of a green economy on page 1)
4. **DESCRIPTION OF THE ACTION**

4.1. **Objectives/results**

In line with the objectives of the Regional Indicative Programme 2014 – 2020 for Asia, the **AIF's main objective** is the promotion of a green economy through the leverage of additional investments and key infrastructure with a priority focus on climate change relevant and "green" investments in areas of environment, energy as well as in SME's and social infrastructure.

However, the AIF has been and can continue to be funded from the bilateral National Indicative programmes, in which case AIF will pursue the objectives of the latter. Furthermore, EU thematic budget lines may fund blending operations in the future. In addition, in the future, such operations could also be supported by direct contributions from Member States.

The AIF grant is expected to generate a **leverage effect** by striving to maximise a multiplying factor between the amount of the grant and the total amount of the project. The input of the financing institutions will increase the leverage effect on policy dialogue and provide additional resources to be directed towards the Asian beneficiary countries.

Operations financed by financial institutions pooling their loan resources in combination with AIF support also allow increasing risk and crediting ceilings to the benefit of the partner countries and promote the financing of categories of investments which at present cannot be financed either by the market or by the development Financial Institutions separately.

The **expected results** of the AIF are increased investment in the following sectors contributing to:

1. **Better energy infrastructure**, notably:
   - Improved transit connections between Asian countries, thus increasing security of energy supply for Asian countries;
   - Improved safety and security of energy infrastructure;
   - Improved energy efficiency and energy savings;
   - Increased production and use of renewable energy (e.g. wind, solar energy, biomass).

2. **Increased protection of the environment and better focus and control of climate changes impacts**, notably:
   - Introduction of integrated water management, including necessary related infrastructure;
   - Reduction of air, soil and water pollution including monitoring infrastructure when needed;
   - Increased forest protection including by strengthening forest governance
   - Promotion of climate change related investments, i.e. renewable energy, energy saving and cleaner production and other environment friendly techniques;
   - Promotion of integrated waste management (household, municipal and industrial) including necessary related infrastructures.

3. **Creation and growth of SMEs and improvement of the employment situations**, notably in the area of climate change relevant and "green" investments:
   - Better access to financing for SMEs (availability of a larger range of financial products than currently available) at the different stages of enterprise creation, restructuring, modernisation, etc;
- Creation of technological poles, enterprise incubators, etc.

(4) Improved social services and infrastructures, notably in the area of climate change relevant and "green" investments:
- Better access to health care and improved health services installations in urban and rural areas;
- Better education facilities, increased access to education in urban and rural areas;
- Improve vocational training facilities.

(5) Better transport infrastructure, notably in the area of climate change relevant and "green" investments:
- Better (faster, cheaper and safer, environmental friendly) transport infrastructure within beneficiary countries and between them;
- Better interconnection between Asian countries;
- Faster and cheaper movement of people and goods within Asia.

4.2. Main activities

The types of operations to be financed under the AIF are the following:
- Direct investment grants;
- Guarantees;
- Interest rate subsidy;
- Technical assistance;
- Risk capital operations;
- Any other risk sharing mechanisms.

As regards risk capital operations, guarantees or any other risk sharing mechanisms, the risk-sharing involves the utilisation of financial resources by the Commission (from the EU contribution) and the entrusted entity and the sharing of losses and gains primarily from underlying debt assets, while in some cases from equity assets as well, in the implementation

4.3. Intervention logic

To be developed during project formulation.

5. IMPLEMENTATION

5.1. Financing agreement

In order to implement this action, it is foreseen that a financing agreement may be concluded with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2. Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 120 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such
amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3. Contribution to the Asia Investment Facility

This contribution shall be implemented under indirect management with the entities, called Lead Financial Institutions, and for amounts identified in the appendix of this action document, in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. The entrusted budget-implementation tasks consist in the implementation of procurement, grants, financial instruments and payments. The entrusted Member State agency or international organisation shall also monitor and evaluate the project and report on it. The Lead Financial Institutions are not definitively known at the moment of adoption of this Action Document but are indicatively listed in its appendix. A complementary financing decision will be adopted under Article 84(3) of Regulation (EU, Euratom) No 966/2012 to determine the Lead Financial Institutions definitively.

Certain entrusted entities are currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. The Commission’s authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002, they can be entrusted with budget-implementation tasks under indirect management.

5.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5. Indicative budget

<table>
<thead>
<tr>
<th>Module</th>
<th>Amount in EUR thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3.1. – Contribution to Regional Asia Investment Facility</td>
<td>45 000</td>
</tr>
<tr>
<td>Total</td>
<td>45 000</td>
</tr>
</tbody>
</table>

The total amount of EU budget contribution is EUR 45 000 000, of which EUR 25 000 000 from the general budget of the European Union for financial year 2015 and EUR 20 000 000 from the general budget of the European Union for financial year 2016, subject to the availability of appropriations following the adoption of the relevant budget.

This constitutes the second contribution to AIF from the 2015 budget and is considered necessary due to the pipeline of mature projects.

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7 A first contribution of EUR 31 million was adopted in 2014 [C(2014)8575], for a commitment under the 2015 financial year.
5.6. Organisational set-up and responsibilities

**DCI Blending Framework**

The Asia Investment Facility will operate under the governance of the DCI blending framework.

The operational decision-making process will be prepared in a two-level structure:

- opinions on projects will be formulated at the Board meetings, held if possible back to back with the respective financing instrument's committee (DCI Committee);
- such opinions will be prepared in dedicated Technical Meetings.

**The Board** is chaired by the Commission. The EEAS and the EU Member states are members who provide an opinion. FIs\(^8\) participate as observers. The opinion of the Board can be positive, negative or recommend re-submission of project proposals. FI will be present for the purposes of presenting their proposals and responding to any request for clarifications on proposals submitted. The conclusions – reached according to DCI rules - of the meetings including their justifications will subsequently be communicated to the financial institutions in writing.

The Board will also be responsible for:

- providing guidance to participating institutions on appropriate future financing proposals (based on strategic priorities defined in the context of the programming process and further discussed in the strategic meetings - see hereunder), monitor and review the pipeline of projects, based on the results of the discussions at the technical level;
- examining project related results (including the annual reports) and monitor the portfolio of approved projects;
- promoting exchanges of best practices;
- drawing upon the specific expertise of the Financial institutions as appropriate and respect the appropriate division of labour.
- examining the involvement of non-European FIs as lead financiers on a case by case basis following a targeted approach, based on the specific added value as a lead financier brought in a particular project or region.

The Board would meet two to four times a year, depending on the needs. To improve efficiency, Board meetings will be held back to back with DCI Committee meetings whenever possible. When duly justified by time constraints, opinion on projects could be requested by written procedure.

**Technical Assessment meetings (TAMs)** chaired by the Commission with the participation of EEAS and Financial Institutions will be held to:

- review and discuss the pipeline to ensure coordination at an early stage, including in relation to geographical balance and agreed EU political objectives. Results of the pipeline discussion shall be transmitted to the Boards.
- assess project proposals submitted by a so called Lead Financial Institution based on the appropriate application form. The proposal will also be shared with other Financial Institutions.

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\(^8\) Financial Institutions for the purposes of this document comprise European Financial Institutions participating in AIF and invited non-European Financial Institutions.
Institutions for peer review and possible written comments. In particular, such assessment will include alignment to EU policy objectives, the justification of the added value of the grant contribution, social and environmental aspects, appropriate financial structure and other issues such as debt sustainability.

- facilitate exchanges on best practices across regions, including the possible development of selected blending operations or financial instruments that extend across geographical regions.

Such meetings will be held on a regular basis depending on the needs and will be organised pragmatically bringing together appropriate experts from the FI's, the Commission and the EEAS. If appropriate such meetings may include or be complemented by virtual meetings and/or written exchanges facilitated by the Secretariat. The Lead Financial Institution, on the basis of and depending on the comments made, will then be able to submit a revised proposal for further technical discussions at a later technical meeting or a final revised application form in view of the submission to the Board.

In accordance with the recommendations made under the EU Platform for Blending in External Cooperation, non-European financial institutions active in a particular region should be invited to attend relevant technical and board meetings as observers.

**Strategic orientations** will be discussed with beneficiary countries in dedicated strategic meetings when appropriate, under the ownership principle of our development cooperation. The Commission and the EEAS will conduct and co-chair strategic discussions at the appropriate level with Member States, beneficiary countries and relevant regional organisations. Financial Institutions will participate in the discussions as observers. These strategic discussions will cover regional investment plans and priorities, provide strategic and policy guidance and advice for identification and preparation of the most relevant proposals for blending and for the Board to review the pipeline and approve the most relevant projects for achieving the objectives of the EU-Asia Regional Strategy.

**Rules of procedure** will further detail the decision making process as well as the organisation of the strategic meetings. They will be proposed for approval to the Board of the DCI blending framework.

The Commission will ensure the secretariat of the DCI blending framework, supporting the Board in all its tasks (opinions on individual blending operations, internal Commission/EEAS consultation including DG BUDG, DG SJ, DG ECFIN and DG SG, monitoring at facility level, consolidation of the pipeline on the basis of the information provided by the Financial Institutions including a short project description, production of regular up-to-date information and annual reports on the facilities, preparation of exchanges on best practices.) It will also provide support in the organization of communication events and the general implementation of the communication strategy (websites and other communication tools), thereby contributing to the visibility of the EU. The Secretariat also organises the technical level assessment of proposals and is the central contact point for all stakeholders involved in the blending framework.

5.7. **Performance monitoring and reporting**

An annual report on the implementation of the AIF will be presented to the DCI Committee.

In accordance with Regulation (EU) No 236/2014, financial instruments may be grouped into facilities for implementation and reporting purposes. The Commission will report annually to the European Parliament and the Council on the activities relating to the AIF including the details laid down in Article 140 of Regulation (EU, Euratom) No 966/2012. Reporting will also be carried out at an individual operational level by the entrusted entities, in line with the
contractual provisions of the bilateral agreement that the Commission will sign with these entities.

The Commission will monitor the performance of the projects benefiting from an AIF grant based on results indicators. Result indicators will be defined for each operation based on DEVCO’s Result Measurement Framework as reflected in the Regional Indicative Programme as well as the list below elaborated in cooperation with Financial Institutions in the context of the EU Platform on Blending in External Cooperation.

a) Transport
   - Length of new or upgraded roads;
   - Users of new or upgraded roads;
   - Length of new or upgraded railways;
   - Rail use;
   - Length of new or upgraded public transport lanes;
   - Public transport users;
   - Port terminal capacity (passenger, container or cargo);
   - Ports: Terminal(s) user traffic (passenger, container or cargo);
   - Airport terminal capacity and
   - Airport use

b) Environment/Water and Sanitation
   - Length of new or rehabilitated water supply pipes;
   - Population benefitting from safe drinking water;
   - Length of new or rehabilitated sewer pipes installed;
   - Population benefitting from improved sanitation services;
   - New connections to water supply;
   - Potable Water Produced;
   - Water treatment capacity;
   - Wastewater Treated and
   - Wastewater treatment capacity

c) Energy
   - Transmission and distribution lines installed or upgraded;*
   - Population benefitting from electricity production;*
   - New connections to electricity;
   - Power production;
   - Additional capacity from conventional electricity production;
   - Variation in CO2 emissions;
   - Additional capacity from renewable energy sources and* 
   - Energy efficiencies

d) Social Sector (social housing, health, education)
   - New and/or refurbished habitable floor area;
   - Population benefitting from improved housing, conditions;
   - New and/or refurbished health facilities;
   - Bed occupancy rate;
- New and/or refurbished educational facility;
- Inpatients;
- Outpatients consultations and
- Students benefitting from new and/or refurbished educational facility

e) Trade and Private Sector Development

- For direct operations: access to finance: number of units served among relevant target group;
- For indirect operations: access to finance: number of units served among relevant target group;
- For direct operations: access to finance: Amount of outstanding loans to relevant target group;
- For indirect operations: access to finance: Amount of Outstanding Loans to relevant target group;
- For indirect operations: access to liquidity/capital: volume of new loans made available to financial intermediaries (e.g. banks, microfinance institutions, funds);
- For direct operations: number of MSMEs reporting increased turnover (as a result of direct support received from the FIs) and
- For both direct and, where feasible, indirect operations: Number of jobs sustained (resulting from the project)

f) Cross sector indicators

- Total number of beneficiaries;
- Number of beneficiaries living below the poverty line (whose living conditions are improved by the project);
- Variation CO2/Greenhouse gases and
- Jobs sustained / created.

(*Performance indicators of the Regional Indicative Programme 2014-2020 for Asia)

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 partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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).
5.8. Evaluation

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, having regard to the importance of the action, ex-post evaluations may be carried out for this action or its components via independent consultants contracted by the Commission or through a joint mission.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

5.9. Audit

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 audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

Operations can be subject of financial control by the Commission (including OLAF) as well as by the European Court of Auditors.

5.10. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.
<table>
<thead>
<tr>
<th>Country</th>
<th>Title</th>
<th>Type of Support</th>
<th>Sector</th>
<th>AIF amount (EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional</td>
<td>Structured Microfinance Fund for Asia (MIFA Debt Fund)</td>
<td>TA/Grant</td>
<td>private</td>
<td>6.00</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Support to carbon-linked incentive mechanisms to support the implementation of Indonesian energy efficiency and renewable energy policy</td>
<td></td>
<td>environment</td>
<td>7.00</td>
</tr>
<tr>
<td>Pakistan</td>
<td>Capacity-Building and Development of the Hydropower Sector in Pakistan</td>
<td>TA</td>
<td>energy</td>
<td>2.50</td>
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<tr>
<td>Bangladesh</td>
<td>Bangladesh Power Energy Efficiency</td>
<td>TA</td>
<td>energy</td>
<td>5.70</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Dhaka Sustainable Urban Transport / Dhaka Transport Coordination Authority (DTCA) Capacity building</td>
<td>TA</td>
<td>environment</td>
<td>2.85</td>
</tr>
<tr>
<td>Nepal</td>
<td>Transmission of Renewable Energy Nepal</td>
<td>Grant</td>
<td>energy</td>
<td>2.25</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Improvement of access to electricity and water in small towns and rural areas, Cambodia</td>
<td>TA/Grant</td>
<td>energy</td>
<td>6.00</td>
</tr>
<tr>
<td>Regional</td>
<td>MIFA Debt Fund, Biogas/Renewable Energy Component, Regional</td>
<td>TA/Grant</td>
<td>private</td>
<td>4.00</td>
</tr>
<tr>
<td>Pakistan</td>
<td>Warsak Dam upgrade and rehabilitation</td>
<td>Grant</td>
<td>energy</td>
<td>2.00</td>
</tr>
<tr>
<td>Philippines</td>
<td>Disaster Risk Management and Institutional Units</td>
<td>TA</td>
<td>environment</td>
<td>4.80</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Supporting sustainable urban infrastructure development in Ho Chi Minh City area</td>
<td>TA/Grant</td>
<td>environment</td>
<td>6.00</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Dhaka Environmentally Sustainable Water Supply Project II (Saidabad 3)</td>
<td>TA/Grant</td>
<td>water</td>
<td>5.00</td>
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<tr>
<td>Sri Lanka</td>
<td>Sanitation and Hygiene Initiative for Towns (SHIFT) in South West Sri Lanka</td>
<td>TA</td>
<td>sanitation</td>
<td>5.70</td>
</tr>
<tr>
<td>ASEAN</td>
<td>ASEAN Study Facility</td>
<td>TA</td>
<td>Miscell.</td>
<td>1.10</td>
</tr>
<tr>
<td>Lao</td>
<td>Vientiane Sustainable Urban Transport</td>
<td>TA</td>
<td>environment</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>65.90</strong></td>
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</table>
### Appendix 2: AIF Indicative Pipeline 2015-2016

<table>
<thead>
<tr>
<th>No.</th>
<th>Country/Region</th>
<th>Title</th>
<th>Sector</th>
<th>Total Budget incl. AIF</th>
<th>AIF Grant (€M)</th>
<th>AIF TA (€M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bangladesh</td>
<td>Upgrading process for textile industry through a line of credit to the banking sector.</td>
<td>Textile / garment industry</td>
<td>100 MEUR</td>
<td>5,00</td>
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<tr>
<td>2</td>
<td>Laos</td>
<td>Credit line to a commercial bank to finance small scale hydro (1 to 15 Mega Watt)</td>
<td>Hydro-electricity</td>
<td>50 MEUR</td>
<td>5,00</td>
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</tr>
<tr>
<td>3</td>
<td>Bangladesh</td>
<td>Climate change mitigation and adaptation of costal towns</td>
<td>Sustainable cities Climate adaptat.</td>
<td>250 MEUR</td>
<td>5,00</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Indonesia</td>
<td>Geothermal Energy</td>
<td>Energy</td>
<td>130 MEUR</td>
<td>3,00</td>
<td></td>
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<tr>
<td>5</td>
<td>Regional</td>
<td>&quot;Inclusive business&quot; private equity fund for the Mekong Region</td>
<td>Private sector development</td>
<td>6 MUSD (Technical Assistance Facility)</td>
<td>2,00</td>
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</tr>
<tr>
<td>6</td>
<td>Regional</td>
<td>Aavishkaar Frontier Fund</td>
<td>Finance</td>
<td>35 MEUR</td>
<td>7,00</td>
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<tr>
<td>7</td>
<td>Vietnam</td>
<td>Green Hospital Operation</td>
<td>Health</td>
<td>12.5 MEUR</td>
<td>7,50</td>
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</tr>
<tr>
<td>8</td>
<td>Vietnam</td>
<td>Ho Chi Minh City Metro Line 2, Feasibility Study</td>
<td>Transport</td>
<td>4.5 MEUR + 1.34 billion USD inv.</td>
<td>4,50</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Indonesia</td>
<td>Green Hospital Operation</td>
<td>Health</td>
<td>12 MEUR</td>
<td>2,00</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Indonesia</td>
<td>Low Emission Public Transport</td>
<td>Finance</td>
<td>36.5 MEUR</td>
<td>6,00</td>
<td>0,50</td>
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<tr>
<td>11</td>
<td>Pakistan</td>
<td>National Grid North-South Interconnection Transmission Line (132kV) 300-400km</td>
<td>Energy</td>
<td>300 MEUR</td>
<td>8,00</td>
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<tr>
<td>12</td>
<td>Pakistan</td>
<td>Transmission &amp; Distribution Infrastructure and Capacity Building</td>
<td>Energy</td>
<td>100 MEUR</td>
<td>8,00</td>
<td>2,00</td>
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<tr>
<td>13</td>
<td>Thailand</td>
<td>Sustainable Energy Programme</td>
<td>Energy</td>
<td>up to 150 MEUR</td>
<td>5,00</td>
<td>1,00</td>
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<tr>
<td>№</td>
<td>Country/region</td>
<td>Title</td>
<td>Sector</td>
<td>Total Budget incl. AIF</td>
<td>AIF Grant (€M)</td>
<td>AIF TA (€M)</td>
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</tr>
<tr>
<td>14</td>
<td>Myanmar</td>
<td>Mandalay Urban Services Improvement Project - MUSIP</td>
<td>water / waste water / drainage</td>
<td>100 MEUR</td>
<td>4,00</td>
<td>4,00</td>
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<tr>
<td>15</td>
<td>Mongolia</td>
<td>Ulaanbaatar Solid Waste Modernisation Project</td>
<td>Solid Waste</td>
<td>EUR 15 million</td>
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<tr>
<td>16</td>
<td>Mongolia</td>
<td>Choibalsan Water Project</td>
<td>Water and Sanitation</td>
<td>EUR 5 million</td>
<td>1,50</td>
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<tr>
<td>17</td>
<td>Mongolia</td>
<td>SME Finance and Development Facility for Mongolia</td>
<td>SME &amp; Economic Diversification</td>
<td>EUR 150 - 200 million over 5 years</td>
<td>5,00</td>
<td>5,00</td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>57,00</strong></td>
<td><strong>37,50</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>TOTAL TA+ GRANTS</strong></td>
<td><strong>94,50</strong></td>
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</table>