

Unclassified

English text only

23 January 2026

DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE

Cancels & replaces the same document of 14 November 2024

Compendium of templates submitted in support of the 2024 and 2025 rounds of the ODA-eligibility assessments of members' PSI vehicles

In 2024, the Secretariat facilitated the first round of the ODA-eligibility assessments of members' vehicles that extend private sector instruments (PSI) to developing countries according to the methods for PSI revised back in 2023. In 2025, two members submitted templates for three additional PSI vehicles that they wish to count in their ODA. This compendium presents the templates submitted in support of the 2024 and 2025 rounds of ODA-eligibility assessments of members' vehicles. Findings from these assessments are presented in separate documents [see, for 2024: DCD/DAC(2024)46/FINAL and for 2025: DCD/DAC(2025)61/FINAL].

The reports and the compendium were discussed at WP-STAT meetings in September 2024 and October 2025, followed by presentations for members' information at the meeting of the DAC in October 2024 and December 2025. This version includes the templates submitted in 2025 and cancels and replaces the final version shared on 14 November 2024.

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JT03579834

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Background

1. In October 2023, the Development Assistance Committee (DAC) approved the revised methods for private sector instruments (PSI). This methodological package includes methods for measuring the donor effort in loans to the private sector, equity investments, mezzanine finance instruments, guarantees and reimbursable grants. It also encompasses related ODA-integrity safeguards, as well as monitoring and review provisions.

2. A key safeguard of this methodological package is the ODA-eligibility assessment of members' PSI vehicles. The assessment establishes a list of ODA-eligible development finance institutions (DFIs) and other donor vehicles that provide PSI to developing countries and evaluates the extent to which donor effort in their PSI can be counted as ODA. These assessments are based on a detailed analysis of inputs reported by members, covering the vehicles' mandate, development focus of their investment strategy, and additionality mechanisms. The comprehensive information collected and published through this assessment process fosters transparency, accountability, trust, and promotes learning. Furthermore, these assessments encourage comparable accounting and reporting processes across donors who have chosen to count their effort in PSI as part of ODA. Notably, only PSI provided by vehicles assessed as ODA-eligible may be included in ODA.

3. In 2024, the Secretariat facilitated the first round of ODA-eligibility assessments according to the revised methods.¹ The main findings from the Secretariat's analysis are presented in the *Report on the 2024 round of ODA-eligibility assessments of members' vehicles extending private sector instruments to developing countries* [see DCD/DAC(2024)46/FINAL].

4. This document compiles and presents the final versions of submitted templates in support of the 2024 round of ODA-eligibility assessments of members' vehicles.² The templates include the scores assigned by the Secretariat based on its assessment or by members themselves in the case of self-assessments. The ODA coefficients are presented separately in the report. Compared to its initial version [see DCD/DAC/STAT(2024)35], this version of the compendium includes one factual update under the disbursement breakdown of Australian Development Investments (ADI).

5. Following an initial discussion at the WP-STAT meeting in September 2024, the compendium is presented for the Committee's information at its meeting on 10 October. As required by the Directives [see Annex 24 of DCD/DAC(2024)40/ADD3/FINAL], members will be given one month after the presentation of the report and compendium to signal to the Secretariat if any sensitive information needs to be removed before their declassification, and subsequent dissemination to the Export Credit Group for information.

¹ In 2020-21, the Secretariat facilitated members' self-assessments of their PSI vehicles. See DCD/DAC(2020)9/REV1 and DCD/DAC(2020)10/REV1.

² In some cases, members were contacted bilaterally by the Secretariat to complement their initial replies to some of the questions. The templates presented here include the complements provided.

Specimen of the assessment template

Basic identification details

- For information, please provide the full official name of the institution, its abbreviation and year of establishment.

A. Disbursement breakdown

- For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

- For assessment, using the table below, please indicate the sum of annual disbursements for the last three years³ which have been a) allocated to countries and territories on the DAC List of ODA Recipients⁴ and b) administered with the promotion of economic development and welfare of developing countries as their main objective⁵ and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients		
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

³ For newly established or restructured PSI vehicles, please provide ex-ante estimation of these disbursement totals based on relevant documents outlining the vehicle strategy, mandate and objectives.

⁴ In specific cases, this may also include activities extended through intermediaries in donor or third countries, provided the main objective of the financing is the promotion of economic development and welfare of ODA Recipients, and relevant due diligence has been carried out by the PSI vehicle.

⁵ See also specific rules on the ODA-eligibility of certain items in DCD/DAC/STAT(2020)44, paragraphs 76-135.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
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- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
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- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
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8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
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9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
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10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
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13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
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14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
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15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
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16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
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17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

	Score
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21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

	Score
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22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

	Score
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23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

	Score
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

	Score
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

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Submitted assessment templates

Australia: Australian Development Investments (ADI)

Basic identification details

- For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Australian Development Investments (ADI), the Australian Government's AUD 250 million impact investment fund, was established as Emerging Markets Impact Investment Fund (EMIIF) in 2020 and rebranded as ADI in 2023. ADI mobilises private sector investment to expand small and medium enterprises (SMEs) in the Indo-Pacific region to drive climate and gender outcomes. ADI provides early stage and concessional investment to impact investment funds. These funds in turn give critical early-stage finance to businesses in the Indo-Pacific. This finance helps these businesses to innovate, grow their employment, and deliver goods and services to their communities.

A. Disbursement breakdown

- For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

N/A

- For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	100%	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

Disbursements to the ADI trust⁶

	2020-21	2021-22	2022-23	2023-24
Technical assistance and operations costs	2,078,026	2,090,347	2,116,777	18,548,566
Investment capital	6,704,000	5,897,000	7,548,000	26,351,000

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

The legal status of ADI is an Australian investment trust with DFAT as the sole beneficiary and sponsor. The Trust Deed that governs investment behaviour, stipulates that investments have been, and will be, to ODA-eligible countries including:

- South Asia: Bangladesh, Cambodia, Sri Lanka
- Southeast Asia: Vietnam, Indonesia, Philippines, Laos, Myanmar, Timor-Leste, Malaysia, Thailand
- Pacific: Papua New Guinea and Fiji

There is provision in the deed for the Commonwealth of Australia as represented by DFAT to nominate other countries to invest in. However, this provision has not been acted on.

The ADI deeds (Trust Deed, Sponsor Deed and Investment Management Agreement) stipulate that investments must only occur in specific countries that are ODA-eligible. Beyond these policy stipulations, our investment manager provides monthly, quarterly and annual reports on the investment portfolio, including updates on financial and development outcomes of existing investments. These reports include investment information at the fund and the SME level, including the geographical location. In addition, both side letter and subscription agreements, ADI requires its capital to only be used for investment in SMEs domiciled in ODA eligible countries.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

All ADI investments are screened and monitored according to the following DFAT safeguards:

- Environmental and Social Safeguards Policy
- Child Protection Safeguards Policy
- Preventing Sexual Exploitation, Abuse and Harassment Policy
- Fraud Policy.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

N/A

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

N/A

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

ADIs mission statement and Investment objective clearly set out its development purpose, and is as follows:

- Mission statement: ADI in its role of investor, market builder, and technical assistance provider will grow the impact and gender lens investment (GLI) market in collaboration with SME Funds, SMEs, co-investors, and ecosystem actors in South Asia,

Score

1

⁶ Comment: ADI has an ODA coefficient of one. All disbursements are allocated to ODA recipients, are additional and are administered with a development motive. The Australian Department of Foreign Affairs and Trade (DFAT) uses an institutional approach, in that it measures ODA disbursements at the point of transfer into the development finance mechanism (in this case the ADI trust). Disbursements for the past three years are outlined in Table 1.

<p>Southeast Asia, and the Pacific.</p> <ul style="list-style-type: none"> Investment objective: The investment objective of the trust is to help address access to finance challenges for SMEs that improve the lives of the poor through their products and services, supply chains or employment practices in South and Southeast Asia, and the Pacific. 	
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- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

<p>The Australian government established the development purpose of ADI. DFAT developed the investment mandate, designed the structure and outlined the capital allocation. This was then agreed to by the Prime Minister and other Cabinet Ministers in 2019 (ahead of its launch in 2020). Following the success of the pilot program, the Australian Department of Foreign Affairs and Trade (DFAT) recommended a lifted in the cap from AUD\$40 million to AUD\$250 million. This was agreed to by the Prime Minister and other Cabinet Ministers in 2023.</p>	<p>Score</p> <p>1</p>
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- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

<p>The investment strategy and investment restrictions of ADI seek to address additionality and avoid crowding out private investors. These statutes outline that ADI should invest in a manner that builds the financial intermediary market for Target SMEs, including by supporting first time or innovative fund managers, and by attracting co-investment. More generally the fund seeks to ensure its investment is additional by focusing on early-stage high risk investment that seeds in funding from the private sector.</p> <p>The structure of ADI facilitates financial sustainability, in that it seeks to sell equity once ventures become attractive, and all dividends, interest payments and proceeds are recycled for future investments.</p>	<p>Score</p> <p>1</p>
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8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

<p>As outlined in question 7, the investment objective mandates that ADI invest in SMEs that generate positive social and development outcomes in poor countries. As outlined in question 3, this investment supports economic development as SMEs in these regions are major drivers of job creation and innovation, as well as an important source of goods and services. SMEs in Asia and the Pacific face consistent financing challenges. Recognising this, ADI invests in funds that provide much-needed financing to early and growth-stage SMEs that deliver important development impacts in challenging markets.</p> <p>Our investment manager provides monthly, quarterly and annual reports on the investment portfolio, including updates on the financial and development outcomes of existing investments. These reports are supplemented with an impact report, that is undertaken by an independent third party every two years, which includes detailed analysis on development impact. DFAT also conducts its own monitoring and evaluation report on development outcomes on an annual basis.</p>	<p>Score</p> <p>1</p>
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9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

<p>ADI is accountable to its development strategy through its regular monitoring, evaluation and reporting. Reports include:</p> <ul style="list-style-type: none"> Monthly, quarterly and annual reports from our investment manager on the investment portfolio, including information on the pipeline of development opportunities and updates on financial and development outcomes of existing investments. Partner Performance Assessments – completed by our investment manager on the performance of key delivery partners, including an assessment of each investments achievement against its planned outcomes. Annual monitoring and evaluations conducted internally on progress towards ADI's key development objectives. Impact Reports every two years that are conducted by an external consultant and provide in-depth analysis of ADI's progress and outcomes. ADI is also accountable to its development objectives through various governing bodies that oversee its activities, including (but not limited to): <ul style="list-style-type: none"> ADI Secretariat – The oversight body within DFAT that is responsible for overseeing ADI's strategic direction and policy coherence. It consists of representatives from DFAT that are accountable for ADI. ADI Executive Committee – A body responsible for implementing and managing ADI, consisting of representatives of the three principal ADI Consortium partners (Sarena, Volta, and MEDA). ADI Investment Committee (ADI IC) – A governance body that reviews and approves investment and technical assistance final proposals, comprised of two representatives from Sarena and three independent IC members. 	<p>Score</p> <p>1</p>
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10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

The legal status for ADI is that of an Australian investment trust with DFAT as the sole beneficiary and sponsor

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

ADI does not extend dividends. Returns on investments are recycled into the ADI Trust and re-invested.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

As outlined in question 7, the investment objective mandates that ADI invest in SME funds that generate positive social and development outcomes in poor countries. ADI also funds technical assistance including training, mentoring, and advice, to build the capacity of the recipient SME Fund and/or SME to carry out its business activities and achieve positive development impact. As outlined in question 3, this investment and technical assistance supports economic development as SMEs in these regions are major drivers of job creation and innovation, as well as an important source of goods and services. SMEs in Asia and the Pacific face consistent financing challenges. Recognising this, ADI invests in funds that provide much-needed financing to early and growth-stage SMEs that deliver important development impacts in challenging markets.

Score

1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

ADI has a thorough investment screening process that ensures selected investments align to recipient country needs. Proposed investments must meet several investment criteria, including financial sustainability, commitment to a positive development impact and compliance with ESG performance standards. This due diligence is conducted by the investment manager and detailed in investment memo documents. By bridging the financing gap for financially viable SMEs that are contributing positively to society, ADI is filling a specific need of recipient countries. ADI also works closely with DFAT's other development programs and leverages existing relationships with partner country governments and development partners, to further calibrate its impact focus and macroeconomic relevance.

Our investment manager provides a detailed assessment of each potential investment, which includes local market analysis, survey data and a development impact assessment. More broadly, DFAT stipulates the policy direction of investment windows (i.e., targeted investment strategies with either a thematic or geographic focus) and these are aligned to the specific needs of recipient countries. For example, the \$50 million climate focused Indonesia window was announced by the Prime Minister as part of the Australia-Indonesia Climate and Infrastructure Partnership (rebranded as Kinetik).

Score

1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

ADI promotes economic development at both the fund and individual SME level through its technical assistance program. At the fund level, the TA component helps build the SME Funds market to address access to finance challenges for underserved SMEs. It supports fund managers to create or improve exiting Environment, Social, and Governance (ESG) policies, create impact frameworks, embed gender considerations in existing policies and processes, and to apply DFAT safeguarding standards (e.g., the incorporation of Child Protection and PSEAH standards). At the SME level, the technical assistance improves the investment readiness and the social impact of SME activities.

Score

1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

As outlined in question nine, ADI has regular reporting on its progress towards development objectives, including annual monitoring and evaluations conducted internally and impact reports that are conducted by external contractors every two years. The impact report provides detailed analysis of the theory of change, not only progress towards outcomes and objectives but also an assessment of its current relevance. In this way the development impact review is kept up to date

Score

1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
As outlined in question 13, ADI assesses the development impact of individual investment ex-ante	1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

ADI believes that constructive collaboration leads to better outcomes and ADI intentionally seeks diverse channels and sources of opportunities. As outlined in question 13, ADI works closely with DFAT's other development programs and leverages existing relationships with partner country governments and development partners, to further calibrate its impact focus and macroeconomic relevance.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

ADI is a fund of funds. It provides capital to venture and early-stage capital funds, private debt funds, and Non-Bank Financial Institutions that support SMEs to grow in the Target Region, while catalysing other impact investors including gender lens investors. In this way, ADI is seeking to grow the impact investment market in target countries. This focus on supporting the development of new high impact intermediaries ensures ADI is not competing with local capital providers. A focus on intermediaries also allows ADI to deploy its modest amount of capital for a larger impact for SMEs.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

ADI has several mechanisms that promote untied investments, including a screening process for potential investments (see response to question 13) an independent investment committee that reviews and approved investment decisions (see response to question 9). ADI prefers to partner with fund managers that work directly in target markets. No preference is provided to Australian investees or Australian owned or managed SMEs.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

	Score
<p>ADI's investment process includes several levels of screening to ensure activities are additional. In sequence these activities include,</p> <ul style="list-style-type: none"> • The first-level screening involves assessing whether an opportunity meets the non-negotiable Investment Criteria (see answer to question 13, 16). Among the list of reasons for rejection is the lack of additionality. • A Deal Alert Memo, which includes several additionality indicators, is then prepared by the investment team, and reviewed by the Sarena internal Investment Committee. Additionality is a decision input for the Sarena internal Investment Committee. • A Preparation Memo is completed in advance of a proposed on-site visit and includes an impact and GLI assessment that considers four impact themes – inclusive economic development, gender equality, additionality, and market building. At this stage, Sarena will bring opportunities that either: <ul style="list-style-type: none"> ○ Would not be able to reach critical mass of investors without ADI's investment, or ○ Where ADI's involvement is linked to specific gender outcomes, or ○ In the case of financial institutions, ADI brings specific value add – e.g., taking on higher risk. • A pre-investment SME Fund TA gap analysis identifies areas where ADI can positively influence the impact management and GLI policies, or improve the investment readiness of the SME Fund with TA. The subsequent TA Action Plan is customised to each SME Fund, and is based on SME Funds' needs as identified in the pre-investment gap analysis. <p>ADI additionality is assessed in terms of both financial and value additionality.</p> <p>Financial additionality can be achieved by:</p> <ul style="list-style-type: none"> • ADI contributing to a fund reaching a sustainable size, and/or • ADI catalysing other investors by using concessional finance or other blended finance structures (concessional). <p>Value additionality can be achieved by:</p> <ul style="list-style-type: none"> • SME Funds improving their approach to impact management and GLI based on their engagement with ADI, • ADI's rigorous approach to impact and gender improving these aspects of the SME Fund manager, and leading to greater gender quality at the underlying SME level, • ADI's TA improving the SME Funds' commercial, impact, and GLI performance, and/or • ADI's connections and voice in the market enabling the SME Fund to raise additional capital 	1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

<p>ADI deliberately focuses on deploying capital to SME Funds that represent a significant gap in the market. In this way it minimises market distortions by seeking to:</p> <ul style="list-style-type: none"> • crowd in additional investment into SME Funds in target regions actively investing in SMEs creating development impact, and • increase the financial intermediary market by investing explicitly in first-time fund managers and early-stage funds. <p>In line with OECD DAC principles and DFAT’s private sector development strategy, and to meet its market-building objectives, ADI seeks to ensure that its funding addresses a specific market gap/shortfall and does not crowd-out private sector involvement.</p>	<p>Score 1</p>
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22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

<p>ADI’s investment process considers the commercial sustainability of potential investments – specifically, the risk of failure to achieve financial returns due to ineffective investment structuring or investment underperformance. To mitigate this risk,</p> <ul style="list-style-type: none"> • at the Deal Alert Memo level, ADI conducts a rigorous fund manager evaluation and assessment, including track record. • At the Preparation Memo level, ADI conducts an assessment of the SME Fund’s track record as an indication of their ability to deliver on our target return (5%). • At the Information Memo level, ADI reviews the fund manager’s financial model, and arrives at a “base” financial model case which should still be within the minimum return expectations. • At the Investment Memo level, ADI ensures the financial alignment of the fund manager to the SME Fund to demonstrate long-term commitment. <p>Through ADI’s active monitoring and impact management approach, the ADI Consortium detects risks early on and focuses on preventive measures. If an investment is substantially underperforming, Sarona may look for ways to dispose of the investment.</p>	<p>Score 1</p>
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23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

<p>ADI’s Investment criteria, which includes the additionality framework, is reviewed periodically by the ADI executive committee and the ADI Secretariat, to ensure it is kept up to date.</p>	<p>Score 1</p>
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

<p>Yes, the additionality of individual investments is assessed ex-ante. Please see response to question 22.</p>	<p>Score 1</p>
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

<p>ADI has minimal collaboration with Export Finance Australia, and other export credit agencies. DFAT has whole of development finance portfolio oversight and shares market and investment process information.</p>

Australia: Australian Infrastructure Financing Facility for the Pacific (AIFFP)

Basic identification details

- For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Department of Foreign Affairs & Trade

Australian Infrastructure Financing Facility for the Pacific (AIFFP) – private sector finance

A. Disbursement breakdown

- For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

ODA coefficient is one. To date all AIFFP private sector finance has gone to ODA eligible countries.

- For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	FJD - \$10m (loans), \$80.01m (grants) USD - \$18m (loans) AUD - \$5.77m (loans)	0
Other	0	0

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

- For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

AIFFP is only able to finance member countries of the Pacific Island Forum (PIF) and Timor-Leste, very few of which are not on the DAC List of ODA recipients. AIFFP's private sector tool provides loan funds on a project basis – there are no projects which have multi-country targets.

- For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

AIFFP's private sector tool does not have any funding target or allocated exposure. Proposals are considered on a case-by-case basis on their merits. Bankable private sector projects are rare in the Pacific, volume targets or allocations are not realistic for AIFFP private sector.

- For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

AIFFP private sector has provided a direct loan and guarantee to Airports Fiji, a state-owned entity. AIFFP classifies creditworthy SOEs taking private finance without sovereign guarantees as 'private sector'. Where there is a sovereign guarantee, the transaction would be supported by AIFFP's sovereign financing tool.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

AIFFP's private sector tool has only agreed to finance three projects to date. All the activities financed are ODA-eligible as they all support infrastructure development in different ways. AIFFP's mandate requires proposals display the development merits of all proposals, whether from an economic development, local employment, safeguards, climate or hybrid approach.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
AIFFP's private sector tool aims to provide gap finance on broadly market terms for economic non-sovereign infrastructure projects which would not occur without AIFFP support.	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
The Australian Government is central to setting AIFFP's mandate, and involved in project approvals. AIFFP's infrastructure mandate and development focus is set out in relevant legislation and through directions from relevant Ministers. This includes where AIFFP operates (PIF members and Timor-Leste), what sectors AIFFP can finance (infrastructure projects as opposed to budget support etc.), the requirement for development impacts (gap financier for private, requirements for clear program logics, clear development benefit to recipient countries), and the approval requirements for all transactions. All AIFFP loans are approved at the Prime Ministerial level – with the AIFFP Advisory Board required to advise whether proposals are consistent with AIFFP's development mandate.	1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
AIFFP's private sector mandate requires that proponents are not able to receive commercial finance – this assumption is tested by our lender-of-record, Export Finance Australia (Australia's export finance agency). AIFFP only considers proposals consistent with its development mandate (projects need to display economic development or address an equity issue) – these two assumptions account for limited deal flow to date.	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
AIFFP private sector proposals undergo several stages on screening – including an initial management screening, secondary management screening, Board consideration, and finally Australian Government approval. Each screening stage requires explanation of the project logic, including justification of the economic and development benefits of pursuing investment. All proposals are required to set metrics to measure any project's economic development impact (employment, sector-specific, environmental and social etc.). All projects are subject to investment monitoring evaluation annually through DFAT's broader ODA program evaluation frameworks. This evaluation considers the efficacy of any proposal against outlined metrics.	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
All AIFFP loan, guarantee or equity proposals require investment-level approval by the Australian Government (Ministerial and Cabinet level). AIFFP private sector is part of DFAT's broader development effectiveness monitoring frameworks (including annual investment monitoring reports). AIFFP reports to the AIFFP advisory Board appointed by the Australian Minister for Foreign Affairs.	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

N/A

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

N/A

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
<p>AIFFP's private sector mandate requires proposals; are for infrastructure development in PIF countries, display broad public benefit and/or transformative effect to economic development; and support a stable and prosperous region. Overlaying the restriction of inability to access commercial finance and no sovereign guarantees, AIFFP's potential private engagement is relatively limited.</p> <p>AIFFP private sector has focused on frontier markets to support economic diversification and supporting core economic markets which boost broad economic development (aviation, energy etc.).</p> <p>Proposals which cannot display development benefits are not consistent with AIFFP's mandate, with very few proposals progressing to finance. Only three private sector projects have satisfied AIFFP's mandate and met requirements for financing.</p> <p>To ensure economic development targets are met – AIFFP incorporates reporting requirements, agrees monitoring and evaluation plans with proponents, and utilises Australia's network of Pacific posts to check-in on project progress.</p>	1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
<p>AIFFP generally responds to Pacific priorities – engaging heavily in coordination mechanisms such as the Pacific Regional Infrastructure Facility (PRIF), conversations with officials and Ministers regarding priorities and responding to formal requests for finance.</p> <p>AIFFP private sector is less driven by local government priorities due to the small volume of bankable projects in the region. Where proposals are financeable, AIFFP always notifies local governments and discusses as far as possible projects and their benefits. Private proposals are ultimately driven by opportunities as they arise in the Pacific.</p>	1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
<p>AIFFP utilises its internal communications team, Australia's network of Posts and their associated communications team as well as formal engagement opportunities with Pacific governments and mechanisms such as PRIF to promote the development impacts of projects.</p> <p>AIFFP's private sector projects to date have ensured capital upgrades to Fiji's airports continued through COVID-19, supporting a swift recovery in aviation volume, supported the largest solar facility in the Pacific to date in Palau, and set a shipyard on the path to potential commerciality long-term in a maritime dependent economy in the Solomon Islands.</p>	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
<p>AIFFP's theory of change is current under review. MEL plans for individual projects are reviewed annually through DFAT's investment monitoring reports. AIFFP's private sector focus is set by the AIFFP Board and is reviewed periodically/</p>	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
AIFFP is still a relatively new facility, development impacts are assessed annually through the investment monitoring process. AIFFP's first private sector projects are only just being completed, these impacts will be assessed in future investment monitoring processes up until the end of the life of the assets.	1
17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.	
AIFFP provides direct finance. AIFFP welcomes proposals from companies for projects consistent with AIFFP's private sector mandate.	
18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?	
N/A	
19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?	
AIFFP's lender, EFA, is separated from DFAT and holds all loan agreements.	

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.	
AIFFP is required to confirm with EFA's finance areas that the proposal would not be able to access finance on commercial terms (financial additionality). AIFFP requires all proposals have a clear project logic outlining how the finance addresses market failure and creates economic development impacts. Where there are commercial financing options – AIFFP is not legislatively able to pursue investments.	Score 1
21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.	
The <i>Export Finance and Insurance Corporation Act 1991</i> (EFIC Act) outlines requirements for transactions pursued in Australia's national interest (all AIFFP loans are supported through these requirements). Associated directions require EFA to confirm that proponents cannot access commercial finance (based on a credit risk assessment and assessment of financing options in-country). Should projects be commercially viable, AIFFP cannot finance. AIFFP's private sector pricing policy requires terms are offered on <i>broadly market rates</i> noting that in some cases markets can be difficult to identify.	Score 1
22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.	
As above	Score 1
23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.	
Yes – it is entrenched in legislation and enforced by EFA.	Score 1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

AIFFP is still relatively new – once projects are more mature this assessment will be more beneficial. Assessment mechanisms exist but data is unavailable to date.

Score
1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

AIFFP relies on Australia's export credit agency as its lender-of-record. AIFFP works closely with other export credit agencies (DFC, JBIC etc.) though no private sector projects have been partnered to date. AIFFP also works closely with MDBs – though similarly no private sector projects have been partnered to date.

Austria: Austrian Development Bank (OeEB)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Oesterreichische Entwicklungsbank AG, OeEB, 2008

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

No coefficient was calculated in the recent years.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	908.350.151,74	0,00
Other	7.223.888,48	4.653.169,83

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

The implementation of all PSI instruments financed and administered by OeEB are targeted to countries listed on the respective list of ODA recipients of the year of commitment. As per its [mandate](#) from the federal government of Austria, OeEB is only active in ODA-eligible countries, as specified according to the OECD DAC list.

OeEB's executive unit for development policy pre-screens (ex-ante) all projects before signing. Part of that assessment (Quick Check) is a country/region screening. All countries/regions are assessed using the categorization of the most recently published OECD DAC country list.

OeEB Portfolio management tracks the relevant countries where OeEB funds are invested in the course of its regular monitoring activities (project reports, use of proceed etc.). The advisory Board of OeEB further approves ever project of OeEB and checks their compliance with OeEB's strategic and legal basis.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

OeEB was established in 2008. No restructuring occurred since then.

- 5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

OeEB's operations include: long-term loans, grants and equity participations. In exceptional cases, OeEB may also be active in the public sector (e.g. public private partnerships or earmarked loans to multilateral development banks).

- 6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

In some circumstances OeEB provides financing via risk participations (Risikounterbeteiligung/RUB). The projects financed via RUBs do not differ from the "regular" projects, with respect to the regional and development focus.

In the context of the provision of loans, which are administered via investment vehicles, a minor part of the total of the funds provided by OeEB may in exceptional cases be used for administrative purposes of the investment vehicle, which is potentially not located in ODA eligible countries, according to the DAC List.

B. Mandate, mission and ownership

- 7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

<p>OeEB was founded in March 2008 as the official Development Bank of the Republic of Austria.</p> <p>According to OeEB's mandate, all projects aim to foster private sector development in developing countries and thus contribute to implementing the SDGs. OeEB's focus is on the following areas in the strategic cycle 2024 - 2028: Green Finance / SDG 13; Micro-, small- and medium-sized enterprises (MSME)/financial inclusion / SDG 8, SDG 10, Infrastructure and Industry / SDG 9 and Gender / SDG 5. The mandate and activities of the Development Bank of Austria are defined in §9, Art 2 of the Austrian Export Guarantees Act (EGA): "The tasks of the Development Bank are, in particular, the long-term financing of sustainable investment in developing countries and the administration of measures [...] to support the preparation and implementation of private-sector projects in developing countries. The Austrian Development Bank is dedicated to the objectives and principles of Austrian development policy pursuant to the Development Cooperation Act."</p>	<p>Score</p> <p>1</p>
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- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

<p>The legislative basis for OeEB's business activities is defined in the Austrian Export Guarantees Act (Ausfuhrförderungsgesetz). The official legislative texts can be found in the Austrian Federal Law Gazette or online in the Legal Information System of the Republic of Austria (RIS): see also link.</p> <p>For the Austrian Development Cooperation Act – see also link (only in German)</p>	<p>Score</p> <p>1</p>
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- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

<p>The Ausfuhrförderungsgesetz of the Republic of Austria, basis of OeEB's mandate, refers – amongst others - to additionality. Our mission statement is embedded in our strategy – see OeEB Strategy – highlighting that according to the principle of additionality, we act in a complementary and synergetic manner to domestic and foreign commercial banks. The Strategy also emphasizes the fact that OeEB's project need to be economically sustainable. According to the updated OECD rules, OeEB also describes the development additionality of each project, see OeEB at a glance – Principles of additionality.</p>	<p>Score</p> <p>1</p>
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- 8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<p>OeEB's strategic indicators as set in its strategy are used to steer its investment portfolio (e.g. target on climate investments, targets of investments in LDCs, etc.) and are monitored and reported during the strategy period. OeEB also uses a results framework to track development performance linked to its development objectives. See also How we measure our results (oe-eb.at)</p> <ul style="list-style-type: none"> • The first stage of project assessment includes a pre-screen (Quick Check) of the Unit for Development Policy that screens each project against the strategic objectives. This includes screening of financial intermediaries (financial institutions and funds). • In most cases investment decisions with financial institutions are linked to certain contractually agreed use of proceeds (earmarking for e.g.: renewable energy and/or green finance in general, or gender specific credit lines or microfinance). The financial intermediaries are obligated to report on specific indicators for such earmarked investments (MW, GWh, number of MSMEs reached, etc.) • The DERa (see below) also screens all types of investments: financial institutions and funds are therefore also screened by our Impact Rating Tool. • We monitor each investment (including intermediaries) on a yearly basis, asking for updates on key impact indicators each year. • Ex-post evaluations are also undertaken selectively, depending on relevance, need and evaluability. <p>To assess the development effects of its projects, OeEB uses the Development Effectiveness Rating (DERa) tool developed by Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) since 2019. Guided by the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) and based on international best practice, DERa rates individual clients' contribution to development and follows up on changes in performance since OeEB's investment. Based on the DERa assessments, OeEB can build its impact reporting and steer the overall development quality of its portfolio.</p> <p>DERa is applied throughout the project cycle of each transaction of all instruments (debt, equity). Prior to approval of a transaction, the first DERa is filled out. It consists of a baseline with actual values prior to investment and a forecast of expected effects with the investment on a 5-year horizon. After commitment, the DERa is updated yearly with actual values. This allows us to analyze changes in our clients' contribution to development upon OeEB's investment.</p>	1
<p>Five key outcome categories were identified to assess clients' contributions to development:</p> <ol style="list-style-type: none"> 1. Decent jobs: Jobs provide more than monetary income, thus contributing to SDG 8 (decent work). 2. Local income: The private sector is one of the main sources of local income. The Agenda 2030 underscores that the mobilisation and effective use of domestic resources are central to achieving the SDGs. 3. Market and sector development: Similar business activities can result in very different development outcomes depending on the country of operation. Enhancing competition is one such aspect, as is fostering innovation which contributes to SDG 9 (innovation). 4. Environmental stewardship: For development to be sustainable, global environmental and climate protection as well as resource efficiency are key and targeted by several SDGs. 5. Community benefits: Not only should businesses "do no harm", but they can "do good" and contribute to development by actively engaging with local communities. <p>Each category consists of a set of indicators that capture a client's contribution to that specific category. These indicators are mostly quantitative in nature or are qualitative expert judgements. Some indicators are more static while others are dynamic, which allows the valuation, firstly of absolute, realized effects and secondly, the growth processes. These indicators likewise differentiate between mitigating risk and proactive development contributions. Indicators that assess whether a client contributes to the 17 SDGs and whether the financed transaction was additional from a financial and/or a value perspective are also included in DERa for reporting purposes. Reporting on Impact Data is done annually in our development report.</p>	

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
<p>Representatives of different Austrian Ministries are involved in designing OeEB's general strategic guidelines. Representatives of the Austrian Federal Ministry of Finance (MoF) and the Austrian Federal Ministry for Europe, Integration and Foreign Affairs (MFA) form part of a consultative group that is in charge of agreeing - together with the OeEB - on the 5 year strategic document. This comprises the definition of core principles, cross-cutting topics, focus sectors, regional orientation, instruments, specific strategic targets and the results measurement framework of OeEB. OeEB strategic indicators as set in the strategy are regularly reported to representatives of the consultative group. Also, through regular external evaluations mandated by the MoF, the MoF tracks OeEB's performance related to its development strategy (most recently, 2022). Even though OeEB holds a public mandate, it is a wholly-owned subsidiary of a joint stock company and reports its results to the Advisor Board of the OeEB.</p>	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

Oesterreichische Entwicklungsbank AG is a wholly-owned subsidiary of Oesterreichische Kontrollbank AG (OeKB). For more information please visit: [Organisation \(oe-eb.at\)](https://www.oe-eb.at)

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

OeEB has distributed a small part of its profits to its shareholder, OeKB. A major part is allocated to OeEB's reserves. From the net profit, a part is allocated on a yearly basis to Technical Assistance projects, as well as to equity participations in developmental projects respectively.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

<p>As the official Development bank of Austria, OeEB acts with a mandate from the Austrian federal government and is committed to the objectives of the Austrian Development Cooperation. OeEB finances and supports projects in developing countries and emerging markets that are economically sustainable and have positive impacts on development. OeEB's mandate and strategy clearly state a development objective: see also Our strategic focus (oe-eb.at); Sustainability (oe-eb.at) and Impact Management (oe-eb.at). To assess the development effects of its projects, OeEB uses the DERa tool. This tool is used to identify aspects of economic development, the welfare of developing countries from an ex-ante perspective as well as throughout its life-span. For more details see point 8.</p>	<p>Score 1</p>
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13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

<p>Private sector development is the core of OeEB's activities. OeEB's prime counterparty are thus private sector players, not the public sector or recipient countries. The compliance with local laws is screened and respectively considered through OeEB's internal legal department, as well as external (legal) consultants. As part of our environmental and social context analysis, OeEB applies a contextual risk analysis tool which reflects specific needs of the country (incl. human rights issues). The results thereof are incorporated into the E&S due diligence for each project and monitored throughout the project cycle. In the context of the selection and reporting on climate finance project, the alignment with national determined contributions (NDCs) of the recipient countries are also ensured.</p>	<p>Score 1</p>
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14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

<p>OeEB's Technical Assistance projects are financed from OeEB's profits with the aim to actively promote the development impact of its activities. OeEB thereby reinvests earnings gained through the implementation of its mandate. Currently, 10% of annual profits are allocated for TA grants, earmarked for measures to enhance the developmental impact of OeEB's projects. These resources are used primarily for preparing and accompanying OeEB's equity participations and investment financings. They can be used in the following project phases, which describes the mechanisms and features applied:</p> <ul style="list-style-type: none"> • Preparation / Analysis of an OeEB financing project: Measures that strengthen potential customers in individual business areas, thus enabling an OeEB financing. Or: detailed studies (building upon existing initial analyses) incl. information necessary to reach a final decision to finance on the part of OeEB. These studies are commissioned in cooperation with a project partner but are prepared by an independent consultant. • Project Implementation/repayment period: Collateral measures to OeEB financings, e.g. on-site work by local experts for the implementation of features of the Environmental Social Action Plan (ESAP), etc. • Repayment period: training measures for customers, supporting activities (incl. health and safety audits), etc. 	<p>Score 1</p>
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15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

<p>OeEB's impact framework is subject to regular reviews and updates. OeEB was among the founding signatories to the GIIN's Operating Principles for Impact Measurement. These require signatories to publish a disclosure statement on each Principles on a yearly basis and request a detailed verification of these Principles on a 5-year basis. As an impact investor, we intend to create measurable and sustainable development impact in developing and emerging countries through all of our investments. The projects</p>	<p>Score 1</p>
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OeEB finances contribute to creating jobs, national income, help improve access to finance, clean energy and modern infrastructure. In OeEB's disclosure statement OeEB describes how Impact Principles are incorporated into investment process and confirms that total portfolio of loans and equity participations is managed in accordance with the Impact Principles. An independent verification report confirms that [OeEB's impact management system](#) complies with the Impact Principles.

In order to measure the various goals defined, a Results Framework (RF) was established in 2011, reviewed yearly and updated according to OeEB's new strategy(ies). The RF includes specific indicators and targets, thus provides a framework to gauge progress toward the achievement of results and to adjust relevant activities accordingly. The various indicators of the RF are analysed annually and presented in a short report. For more details visit: [How we measure our results \(oe-eb.at\)](#)

In order to assess the developmental effects of OeEB's portfolio, all projects are evaluated with the DERA tool. These development effects rating tool is currently being reviewed and updated by DEG and will integrate a stronger focus on climate, gender and net impact. For more information see: [How we measure our results \(oe-eb.at\)](#).

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

OeEB's executive unit for development policy pre-screens (ex-ante) all projects before signing. This assessment (Quick Check) is a screening against OeEB's development's strategies focus (alignment with strategic focus, a country/region screening, additionality check; legal verifications; inspection of environmental, social and governance aspects; risk assessment). See also answers to point 4 above.

Upon first approval, a further ex-ante assessment is conducted, whereby DERA is applied. This assessment screens decent jobs, local income, market and sector development, environmental stewardship, community benefits. For more information please see Point 8

Score

1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

As the development bank of Austria, OeEB acts with a mandate from the federal government and is committed to the objectives of the Austrian Development Cooperation. OeEB finances and supports projects in developing countries and emerging markets that are economically sustainable and have positive impacts on development. In the context of TA projects, OeEB sometimes collaborates with consulting companies in donor or third countries, depending on the available expertise.

It is OeEB's mandate to provide stimulus for sustainable economic growth in order to improve the living conditions of people in disadvantaged regions over the long term. In doing so, we are careful to adhere to international labour, environmental and social standards.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

The rationale for OeEB when channelling investments through intermediaries includes e.g. absence of local subsidiaries, use of local know-how, use of proceeds, efficiency gains, additionality, direct contact to (M)SMEs and (potential) clients.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

OeEB's strategy defines that in all its financing projects, OeEB ensures to act complementarily and synergistically to national and foreign commercial banks and that it in no way ousts private actors. During due diligence activities, OeEB does not discriminate between project inquiries. If the project is both in line with OeEB's mandate and is financially viable, it is considered worth pursuing irrespective of its geographical and sectoral nature.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

In all its financing projects, OeEB ensures that it acts complementarily and synergistically to national and foreign commercial banks and that it in no way ousts private actors due to subsidies (principle of additionality) since its inauguration. We distinguish between financial additionality (e.g. financing is provided which is not available on the market due to the longer terms which are required or the greater level of risk) and value additionality (e.g. through technical assistance project and by linking the financing with the introduction of new or improved environmental and social standards, governance criteria, risk guidelines etc. at the client). OeEB thereby applies the definitions as specified by the OECD Guidelines.

For all finance transactions as well as the technical assistance projects, a deepened additionality analysis in accordance to the revised OECD Guidelines is conducted; including market analysis, financial market studies, competition screening, in-depth

Score

1

development effectiveness rating (see DERA) and customised needs assessment of clients. See also answers in 7.b. and compare OeEB's strategy 2024 – 2028 "Financing our Shared Vision, page 6, see <https://www.oe-eb.at/en/about-oeeb/our-focus.html>

Within the annual monitoring of each project, OeEB integrates checks upon parameters of additionality (e.g. geographical location of project implementation, classification of recipient country acc. to OECD, use of proceeds, allocation of funds, mobilisation of further private finance, update of risk assessment, accomplishment of development goals, evaluation of interim results, adherence to pursuing impact goals, necessity of capacity-building activities, etc.) over the lifetime of its financing and equity projects. In light of the recently advanced concept of additionality, OeEB started setting up a process in order to assess the continuing additionality over the lifetime of its ongoing projects. In terms of exit rationale, all of OeEB's direct equity investments are through mezzanine capital (i.e. sub-debt without securities), which are self-liquidating and do not require exit stipulations. In the case of OeEB's private equity fund investments, the fund managers consider financial performance, anticipated pursuit of impact goals through future equity holders, and the like. In case the private equity fund manager does not consider impact goals in the divestment process, the investors in the fund (such as OeEB) have no direct sanctioning possibilities. Yet, fund managers that do not adhere to the impact considerations of EDFIs will have great difficulties in raising another fund and therefore generally consider EDFI impact principles.

In order to evaluate the sustainability and additionality of OeEB's operations, the following measures are applied in the course of Due Diligences for Financial institutions, Corporates and Funds:

- Customer Profile and Organisation (owner; strategy; management; risk management)
- Analysis of Creditworthiness (Balance Sheet; Peer Group comparison; Rating)
- Operating environment (Country Risk; Assessment of banking sector and market)
- Transaction structure (Tenor; Loan documentation (Covenants, Change of Control); Collateral)

The scope of Due Diligence for Project Finance Transactions is as follows:

- Financial Viability (Sponsor; Financial Model; Market Study; Off-taker)
- Technical Feasibility (Report from Lenders Technical Engineer; Assessment of Construction companies and Suppliers)
- Operating Environment (Regulatory Framework; Construction Contracts; Evaluation of PPAs; Country Risk)
- Transaction Structure (Tenor; Loan documentation (Covenants, Change of Control); Collateral; Lenders rights)

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

In the case local financial market cannot offer suitable solutions, OeEB is able to fill gaps through its financial instruments. In the context of financial additionality OeEB reacts in response to existing market failures in developing countries. The hereby applied mechanisms include e.g. longer tenor, better interest rates, offering of instruments that are not available in the market (e.g. equity or local currency funding). See also answers in 7.b.

Score
1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

In order to evaluate the commercial sustainability of OeEB's operations, the following measures are applied in the course of Due Diligences for Financial institutions, Corporates and Funds:

- Customer Profile and Organisation (owner; strategy; management; risk management)
- Analysis of Creditworthiness (Balance Sheet; Peer Group comparison; Rating)
- Operating environment (Country Risk; Assessment of banking sector and market)
- Transaction structure (Tenor; Loan documentation (Covenants, Change of Control); Collateral)

The scope of Due Diligence for Project Finance Transactions is as follows:

- Financial Viability (Sponsor; Financial Model; Market Study; Off-taker)
- Technical Feasibility (Report from Lenders Technical Engineer; Assessment of Construction companies and Suppliers)
- Operating Environment (Regulatory Framework; Construction Contracts; Evaluation of PPAs; Country Risk)
- Transaction Structure (Tenor; Loan documentation (Covenants, Change of Control); Collateral; Lenders rights)

For all the above-mentioned finance transactions as well as the technical assistance projects, an additionality analysis according to the OECD Guidelines is conducted. See also answers in 7.b.

Score
1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

OeEB's strategy highlights - amongst others - the principle of additionality – see also point 7b above. Therein, it is referred to its mission to act in a complementary and synergetic manner to domestic and foreign commercial banks, as well as to adhere to principles of additionality. In accordance with the updated OECD rules, OeEB also screens the development additionality of each project; see also OeEB at a glance – Principles of additionality.

Score
1

The framework is reviewed in joint collaboration with Austrian Development Agency and the experts at OeEB, who are either directly engaged with the acquisition and accompaniment of project and experts from the policy department.

Evaluations and impact assessments are conducted on a regular basis and enrich the insights into the different aspects of additionality of either instruments; investment projects and equity participations.

OeEB's strategy follows a five year cycle and has thus far always been updated on a regular basis, including a check of its alignment with the state of the art interpretation of additionality and its compliance with OeEB's original mandate. In addition, evaluations of OeEB have been conducted by external consultants. Their findings were incorporated into the new strategies. These regular independent evaluations of OeEB are commissioned by the Austrian Federal Ministry of Finance (BMF). They are part of a regular external evaluation cycle and assesses the relevance, additionality, effectiveness, efficiency and developmental impact and sustainability of OeEB's activities. The evaluations are carried out according to the OECD-DAC criteria of relevance, additionality, effectiveness, efficiency, developmental impact, and sustainability.

In light of the commitment of OeEB to report according to the reporting directions of the OECD, OeEB updates its additionality framework in accordance with the effective OECD guidelines in the context of the reporting on Private Sector Instrument whenever these are amended. See also point 7.b.

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

In accordance with the OECD regulations, additionality can be proved by demonstrating the financial or value additionality of a project, together with its development additionality. OeEB applies this approach from the first assessment phase (ex-ante / quick check) throughout the lifetime of the investment (project / progress reports). See also 7.b.

In all our financing projects, we distinguish between 'financial additionality' (i.e. financing is provided which is not available on the market due to the longer terms which are required or the greater level of risk) and 'value additionality' (i.e. by linking the financing with the introduction of new or improved environmental and social standards, governance criteria, risk guidelines etc. at the client).

In light of the updated OECD guidelines for reporting on Private Sector Instruments, OeEB further also applies and reports on the "development additionality" of projects. OeEB thus refers and documents the intention of each project to "deliver development impact that would not have occurred without the partnership between the official and the private sector."

Score

1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

In all its financing projects, OeEB ensures that it acts complementarily and synergistically to national and foreign commercial banks and that it in no way ousts private actors. OeEB uses its synergies with OeKB and acts in a complementary and synergetic manner with domestic and foreign commercial banks in our target regions – if applicable. See OeEB [Strategy 2024 – 2028 "Financing our Shared Vision"](#).

Belgium: Belgian Investment Company for Developing Countries (BIO)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Belgian Investment Company for Developing Countries

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

N.A.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	366,815,616 EUR	-
Other	-	-

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

BIO has a list of eligible countries – all ODA countries- and typically includes in investment contracts use of funds requirements – including in relation to geographies – that are legally binding.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

N/A

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

BIO's financing instruments are equity, debt, mezzanine and guarantees. The Company also runs a Fund to subsidize technical assistance and feasibility studies to support its clients.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

N/A

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

Yes, BIO has the mission to contribute to sustainable human development in developing countries by supporting the private sector through direct and indirect investments in the development of target companies. With the aim of contributing to the achievement of the Sustainable Development Goals (ODDs), all BIO's interventions aim for a positive developmental impact on the countries of intervention. In this context, BIO has developed a theory of change that provides a comprehensive description of BIO's contribution to the SDGs – click https://www.bio-invest.be/files/BIO-invest/Our-Impact/ToC/ToC_Digital_V3c.pdf for more information.

Score

1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

Yes, the Ministry of Foreign Affairs and Development Cooperation – unique shareholder of BIO - plays a key role in setting up such development purpose that are included in BIO's management contracts – new management contract recently

Score

1

approved for the period 2024-28 (click https://www.bio-invest.be/files/BIO-invest/About-BIO/Governance/20231221-BeheersContract_ContratdeGestion.pdf), in line with BIO's Law of 2001 (lastly modified in 2018 – <https://www.bio-invest.be/files/BIO-invest/About-BIO/Governance/BIO-law-Full-text-20181120-ENG-sworn.pdf>).

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

Yes, BIO's management contract explicitly requires that BIO's investments take place at market conditions. BIO is not intended to replace the market but to complement it. Its interventions cannot lead to market disruption.

Score
1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

As part of its development Assessment, Monitoring and Evaluation (AME) framework, BIO relies on the following tools and mechanisms to monitor that the development objectives are pursued in effect:

- The development effectiveness of each project is monitored on a yearly basis, based on a pre-defined set of indicators that are capturing the initial development objectives assigned to the project. Tracked during the whole investment period, BIO uses this information to monitor progress towards the achievement of development effects in comparison to ex ante expectations (projections), and to analyze the development performance at project and portfolio levels.
- BIO conducts an independent in-depth evaluation of a sample of ongoing or exited projects each year. These evaluations focus on a specific theme, sector or region and further investigate the development effects of BIO's interventions. They usually involve in-depth analysis, survey and interviews with BIO staff and other key stakeholders as well as field visits to investees. BIO development experts organize and coordinate this evaluation exercise, but the analysis itself is performed by external evaluators and supervised by a steering committee with representatives of the Ministry of Development Cooperation and its Special Evaluation Service (which report directly to the Belgian Chamber of Representatives).
- At the end of each project, a completion assessment is conducted to review and sum up the project main achievements. The assessment covers business, financial, development and Environmental & Social outcomes, and is based on monitoring data and any other available information – either available in intermediary reports or evaluations. The main objective of this assignment is to document and distil lessons learned regarding development impact of each project. Findings and lessons are then used to improve operational and strategic investment decisions, as well as management processes.

Score
1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

Yes, BIO's portfolio development performance — expected development contribution of new commitments as well as actual direct and indirect contribution of portfolio projects to the SDGs – are discussed on a yearly report to BIO' shareholder, the Belgian Ministry of Foreign Affairs and Development Cooperation

Score
1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

The capital of BIO-invest is 100% owned by the Belgian Ministry of Foreign Affairs and Development Cooperation.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

Yes BIO can provide dividend to its shareholder, this is decided by the Minister in charge of BIO.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

Score

BIO's management contract requires that BIO directs its activities towards the three pillars of sustainable development, namely: the economic, social and environment pillars. Furthermore, BIO should establish partnerships in support of these pillars and apply an integrated approach to these pillars, in order to strive in particular for its interventions to contribute to the achievement of the Sustainable Development Goals (SDGs).

Over the period 2024-28 (current management contract), BIO will demonstrate its contribution to SDGs by meeting the following 10 targets with its investments:

Strategic Impact Framework 2024-2028						
Pillars	SDGs	Transversal commitments	Targets for 2024-28 investment projects	Indicator	Target	KPIs portfolio monitoring
			Description			
Economic	SDG 8 8.1 8.2 8.3 8.5 8.6 8.7 8.8 8.10 SDG9 9.1 9.2 9.3 9.8 9.9 9.C	All projects subject to BIO Decent Work policy, including systematic assessment and requirements, possible actions plan, awareness raising and identification of opportunities for improvement on decent work.	Target 1: Projects targeting a significant increase in jobs or, within the agricultural value chain, in economic activity	Percentage of 2024-2028 new commitments targeting at least 15% increase within 3 years in jobs (as proxied by the value of outstanding loans for FI) or, within the agricultural value chain, in economic activity	> 60%	- Number of jobs supported - EDPI Harmonized job quality indicators (injuries, fatalities, employees under CBA, incidents, permanent employee ratio, turnover, lowest wage)
			Target 2: Projects contributing to access to funding, banking, insurance and other financial services for SMEs	Percentage of 2024-2028 new commitments in SME finance	> 50%	- Number of SMEs provided with access to financial services
			Target 3: Projects contributing to access to funding, banking, insurance and other financial services for microenterprises and individuals	Percentage of 2024-2028 new commitments in microfinance and retail banking	> 25%	- Number of microenterprises and individuals provided with access to financial services
Social	SDG 1 1.1 1.4 1.5 SDG 2 2.1 2.3 2.4 2.A SDG 3 3.8 SDG 5 5.1 5.5 5.A 5.B SDG 10 10.2 10.3 10.4 10.8	All projects subject to BIO Gender Strategy, including systematic assessment and requirements, possible actions plan, awareness raising and identification of opportunities for improvement on gender equality.	Target 4: Projects contributing to reducing inequalities among countries	Percentage of 2024-2028 new commitments in LDCs, LICs or FCAS	> 50% Code 5 > 15% Code 8	- Share of outstanding investments in LDC, LIC and/or FCS
			Target 5: Projects contributing to reducing inequalities within countries	Percentage of 2024-2028 new commitments in inclusive businesses	> 50% Code 5 > 25% Code 8	- Number of un(der)served (vulnerable) individuals reached (i.e. low-income, rural, smallholder, youth, refugees, etc.)
			Target 6: Projects contributing to gender equality	Percentage of 2024-2028 new commitments 2X eligible	> 40%	- Share of women jobs/clients supported
			Environment	SDG 6 6.3 6.4 SDG 7 7.1 7.2 7.8 SDG 12 12.2 12.4 12.5 12.6 SDG 13 13.1 13.A SDG 15 15.2	All projects subject to BIO Climate Strategy, including systematic assessment and requirements, possible actions plan, awareness raising and identification of opportunities for improvement on climate impact.	Target 7: Projects contributing to climate change mitigation and climate change adaptation as principal objective
Target 8: Projects contributing to climate change adaptation as significant objective	Percentage of 2024-2028 new commitments including climate change adaptation action	> 20%				- Share of outstanding investments contributing to mainstreaming of climate adaptation
Target 9: Projects contributing to biodiversity conservation and sustainable management of natural resources	Percentage of 2024-2028 new commitments including biodiversity conservation and sustainable management of natural resources action	> 10%				- Share of outstanding investments contributing to mainstreaming of biodiversity conservation and sustainable management of natural resources
Partnership	SDG 17 17.1 17.3 17.11 17.16 17.17		Target 10: Projects benefiting from technical assistance	Percentage of 2024-2028 new projects supported with BDSF	> 30%	- Total commitments to BDSF projects

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

Score

1

For each new investment and technical assistance project, BIO consults the Belgian Embassy to check alignment of the project with national policy. BIO also consult various data sources, including WB, IMF, reports from credit rating agencies, as well as national reports from national authorities (e.g. NDCs, central bank reports, energy regulators, public administration reports...) in order to understand how our investment aligns with national priorities and economic development.. As part of BIO due diligence, we also consult when relevant NGOs and CSOs. Obviously, we also consult specialized reports/sources depending on the type of projects we contemplate (agriculture, bank, renewable energy project...). For intermediate structures, we follow the same approach, and assess to which extent the financial institution or the fund will contribute to national priorities of countries where it will invest.

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
Beyond investments, BIO is also managing a technical assistance facility called the Business Development Support Fund (BDSF) providing grant support to current and prospective portfolio companies to improve their business performance and sustainability, thereby co-financing related Technical Assistance (TA), Feasibility Studies (FS), and Investment Support for innovative SMEs projects. BIO also requests a yearly reporting of key development indicators as well as progress of the Environmental and Social Action plan agreed with the client and embedded into legal documentation (see here for Bio Environmental and Social policy: ES Strategy and Policy BIO (bio-invest.be))	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
BIO's development impact framework is under continuous update/improvement plan – last major update in 2023 - to ensure adequate treatment of new ambitions, topics and/or challenges, and alignment with (best) peer (EDFI) standards and practices. In addition, BIO is a signatory to the Operating Principles for Impact Management what involves annual disclosure statement on BIO's impact management alignment with the Impact Principles and regular independent verification leading to recommendations – next one planned for March 2026. Moreover, the development impact framework is subject to review and recommendations as part of BIO's thematic annual independent Development Effectiveness Evaluations, that are systematically resulting in an action plan towards the implementation of relevant recommendations.	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
BIO relies on its development AME framework to manage and monitor its impact performance at portfolio level. This is mainly achieved through the ex-ante development assessment tool and the yearly monitoring of key development metrics for all portfolio projects. During the investment appraisal, BIO uses its ex-ante development tool to structure and document the development rationale of a given investment project by identifying and assessing its expected contribution to a set of development targets and outcomes. The ex-ante tool evidence the expected contribution to each strategic objective and evaluates whether it can be marked as primary objective, secondary, or not relevant. BIO's financial and non-financial additionality are also assessed with a similar scoring methodology, as part of the ex-ante tool. Beside the score card rating and associated justifications, the ex-ante assessment tool requires assessing the expected results, based on measurable indicators. A set of standardized cross sector, sector- but also investment-specific indicators that best capture the specific development objectives assigned to the project is identified, while baseline and projection figures are set. This provides the foundations to follow-up on results indicators, to monitor and evaluate project development effectiveness, and to report externally on development achievements at portfolio level. On some key targets that are transversal to all BIO interventions i.e. gender equality, digital or climate, BIO conducts specific assessment of the initial project performance and the potential for improvements, that often result in concrete actions to be envisaged by the client and eventually supported by BIO through its Business Development Support Fund.	1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

NA

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

BIO's key objective when investing in financial institutions or investment funds is to increase their loans and services to companies that can not be reached directly, and for them to provide the necessary market knowledge, product distribution channels, and support to these clients. Private equity funds also provide long-term capital to enterprises. Moreover, these funds' teams actively participate in the governance and strategic management of their investees, adding value, especially to relatively young companies and start-ups.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

BIO's Management Contract explicitly requires that BIO adheres to the principles of untied aid of the OECD Development Assistance Committee (DAC).

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

	Score
<p>BIO management contract requires that in addition to the positive developmental impact pursued by BIO's investments, all BIO's interventions must be additional from a financial perspective, meaning that BIO must justify for each intervention that it intervenes only if at least one of the following conditions is met:</p> <ul style="list-style-type: none"> - Private investors are lacking; - Private investors are insufficient to meet the needs of the target company; - Private investors only offer financing with terms that are not suitable for the needs of the target company; - Due to the characteristics of its intervention, BIO plays a specific role, such as that of a catalyst for the mobilisation of additional financing. <p>Without prejudice to the requirement regarding financial additionality, the additional nature of BIO's investments is reinforced when this investment in the country of intervention promotes compliance with international standards in environmental, social, governance, and climate matters, which are generally not applied by actors engaged in activities that are comparable or associated with those of the relevant target company – that is, also involves value additionality.</p>	1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

	Score
<p>Yes, BIO's management contract explicitly requires that BIO's investments take place at market conditions. BIO is not intended to replace the market but to complement it. Its interventions cannot lead to market disruption.</p> <p>To assess the financial additionality of our transaction, we rely on our experience, network and discussions with local and international financial institutions. Also we look at:</p> <ul style="list-style-type: none"> - Comparable transactions in the country of BIO and other foreign investors with risk premium adjusted according to the project. - Local bank pricing converted to Euro / USD pricing using conversion rates proposed by TCX - Local government base issue rate (in euro/USD/local currency) + risk premium 	1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

	Score
<p>Yes, BIO's management contract requires that BIO's investments offer a sufficient return perspective. When evaluating an investment proposal, BIO seeks a balance between the developmental relevance of the intervention and financial return. Investments must be reasonably capable of generating sufficient financial returns to ensure their commercial viability and sustainability.</p>	1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

	Score
<p>Yes, as part of the review and update of the overall impact framework. It is worth noting that this year independent Development Effectiveness Evaluation (2024) is on non-financial additionality and should come with recommendations to improve BIO's approach to additionality.</p>	1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

	Score
<p>Yes, BIO's financial and non-financial additionality are assessed as part of the ex-ante development assessment tool, using a similar scoring methodology (see question 16). This assessment covers all aspects of BIO's financial (local private funding available, collateral requirements, tenor availability, grace periods, but also mobilisation of private capital, financing gap, stamp of approval,</p>	1

etc.) and value additionality (business development and efficiency, E&S-related aspects, gender equality, etc.). All these aspects are documented and tracked into BIO's impact management framework.

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

There is no collaboration with ECA.

Canada: FinDev Canada

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

FinDev Canada was established in 2018.

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

The ODA coefficient applied is 100%.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	In 2021, FinDev Canada closed US\$405,706,036.00 of commitments. In 2022 FinDev Canada closed US\$ 338,770,504.50 of commitments. In 2023, FinDev Canada closed US\$ 453,781,968.50 of commitments.	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

FinDev Canada's mandate is to support development through the private sector in ODA eligible countries. In a transaction that may be more "global" in reach or in multiple jurisdictions, for example a fund, FinDev Canada would use contractual mitigants to ensure that the terms and conditions of the financing agreement indicates use of proceeds in favour of ODA eligible countries. FinDev Canada also has excuse rights for investments in non-ODA countries.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

See above

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

FinDev Canada provides debt, equity and grant capital through technical assistance. FinDev Canada also provides concessional finance through 2X Canada – Inclusive Economic Recovery, a blended finance facility that is funded by the Government of Canada through Global Affairs Canada. FinDev Canada has the authority to use guarantees however the corporation has not yet developed the instrument.

With regards to debt, it can range from short-term unsecured lending to 20+year project finance as well as a variety of quasi-equity (mezzanine capital, subordinated loans, convertible loans) instruments. For equity, it can range from direct equity investments in companies to indirect equity exposure through the use of private equity funds.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

FinDev Canada does not have financing available for non-ODA eligible activities. As mentioned in question 4, in the case of a transaction which may involve multiple jurisdictions including non-ODA eligible, FinDev Canada would use contractual mitigants to determine use of proceeds.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles’ statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

<p>Yes. FinDev Canada’s mandate is to support development through the private sector in emerging markets and developing countries in Latin America, the Caribbean, Sub-Saharan Africa and the Indo-Pacific region. Investments and financing are aligned with the United Nations Sustainable Development Goals and the objectives of the Paris Agreement and contribute to development impact in climate action and nature, gender equality and market development. The development purpose of FinDev Canada is restated in key corporate documents including but not limited to Development Impact Policy, Gender Equality Policy, Climate Change Policy, Environment and Social Policy and underpinning strategy documents including the Gender Equality Strategy, Climate Change Strategy and Approach to Development Impact (forthcoming in late 2024).</p>	<p>Score 1</p>
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- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

<p>FinDev Canada is a Canadian Crown corporation and a wholly-owned subsidiary of Export Development Canada. FinDev Canada reports to Parliament through the Minister of Export Promotion, International Trade, and Economic Development in concurrence with the Minister of International Development. As Canada’s development finance institution, FinDev Canada was established to contribute to Canada’s international development priorities.</p>	<p>Score 1</p>
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- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

<p>Yes. FinDev Canada has a dual mandate of contributing to development impact including financial and non-financial additionality and being financial sustainable.</p> <p>FinDev Canada’s investment is considered additional if (i) it provides financing in quantities or at terms which are not reasonably available in the private market; or if (ii) its involvement leads to improved knowledge and skills, increased development performance or higher ESG standards at the level of the investee.</p>	<p>Score 1</p>
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8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

<p>FinDev Canada incorporates development impact as a primary element of its investment process; from investment selection, through to investment due diligence, approval, monitoring and reporting during the investment term, to responsible exit. FinDev Canada assesses a client’s potential to contribute to the DFIs three impact goals through a development impact tool—a critical factor in the DFI’s deal selection and decision-making process—as well as a robust analysis of risk, return and pricing. Once a transaction enters FinDev Canada’s portfolio, the DFI works with clients to realize their impact goals and monitor key performance indicators and results.</p>	<p>Score 1</p>
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FinDev Canada has established a development impact management process that is embedded in the organization's investment process.

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

FinDev Canada reports to Parliament through the Minister of Export Promotion, International Trade and Economic Development in concurrence with the Minister of International Development. FinDev Canada publishes an annual report which provides a summary of its operations, portfolio growth and development impact achieved at the portfolio level. FinDev Canada's five-year Corporate Plan also identifies the corporation's objectives and priorities including its development impact. The Corporate Plan is approved by FinDev Canada's Board of Directors, the responsible Minister(s) and the Treasury Board.

Score
1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

FinDev Canada is a wholly-owned subsidiary of Export Development Canada (EDC), Canada's export credit agency. Export Development Canada is the sole shareholder.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

FinDev Canada remains in the early years of its development and growth as such, all excess capital is used to deliver on the mandate.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

FinDev Canada's mandate is to support development through the private sector in emerging markets and developing countries. It provides financial solutions such as debt and equity to clients operating in developing countries and demonstrates sustainable social and economic benefits for local communities. FinDev Canada has a dual mandate to achieve both development impact and financial sustainability. It is guided by three impact goals of climate and nature action, gender equality and market development. In every transaction, FinDev Canada aims to achieve positive impact in at least one, and wherever possible, in more than one of these impact goals, recognizing that the goals are interconnected and synergistic. Demonstrating the ability to have an impact on economic and social development in the host country through market development, a contribution to gender equality or climate and nature action is a key component of FinDev Canada's investment eligibility criteria.

Score
1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

Yes. Alignment with market gaps and specific development challenges of the economy in which the transaction occurs are examined in due diligence and captured in the investment decision document. On a transaction by transaction basis, FinDev Canada will engage with local authorities during due diligence to better understand the regulatory environment and local development needs.

Score
1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

Development impact is assessed ex ante at the level of individual transactions to determine the current and potential impact across FinDev Canada's three development impact goals. Development impact continues to be rigorously and systematically assessed throughout the investment lifecycle, from investment selection through to exit.

FinDev Canada is committed to robust impact management and measurement practices, and to continuous improvement, ensuring (i) rigorous monitoring of development impact throughout the investment process; (ii) impact performance assessment and evaluation; (iii) learning and dissemination to further our own thinking and contribute to industry knowledge; (iv) transparency and

Score
1

disclosure of development impact policies, strategies, procedures and data, as permitted by client confidentiality; and (iv) constructive participation in relevant initiatives designed to contribute to best practices in advancing development impact through the private sector

Through technical assistance and advisory support, FinDev Canada works with clients to advance on development impact targets. Technical assistance is delivered as grant-based projects to enable development impact outcomes, mitigate risks and strengthen the business performance at the client level or transaction level. Advisory support and guidance are provided during due diligence and annual impact reviews, and on an as-needed basis throughout the life of an investment.

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
<p>Yes. FinDev Canada's Development Impact Framework was first launched in 2018. In 2023, FinDev Canada started a process to review and update the Development Impact Framework. As a result of this review, FinDev Canada's Development Impact Framework has a new structure which includes an overarching Development Impact Policy (2024) which is underpinned by two documents: the Approach to Development Impact and the Impact Management Framework. Both of these documents will be finalized in 2024 and made available on the FinDev Canada website. The next revision date for the policy is set for January 1, 2029.</p> <p>The Development Impact Policy sets out the corporation's strategic impact objectives and intent to advance development impact across FinDev Canada's financing and investments. It was approved by FinDev Canada's Board of Directors in January 2024 and is available on FinDev Canada's website.</p> <p>Since April 2019, FinDev Canada is a signatory to the Operating Principles for Impact Management (the Principles). The Principles provide a reference point against which the impact management systems of funds and institutions may be assessed. This Disclosure Statement confirms that FinDev Canada's investments are managed in alignment with the Principles.</p>	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
<p>Yes, the development impact of transactions is assessed ex-ante. FinDev Canada has a client centric approach to development impact. This means that FinDev Canada incorporates development impact as a primary element of its investment process; from investment selection, through to investment due diligence, approval, monitoring and reporting during the investment term, to responsible exit.</p> <p>At the pre-screening stage, FinDev Canada assesses the potential development impact of an opportunity against all three development impact goals. The assessment is based on the country development challenges and the company impact potential. At due diligence, FinDev Canada conducts a deeper review on how a prospective investment will contribute towards the three impact goals. Later at the asset management stage, FinDev Canada will track client's actual performance against the initial estimate as well as aggregate data to better understand our portfolio's overall performance.</p> <p>The development impact assessment process is described below and also available in the Disclosure Statement – Operating Principles for Impact Management.</p> <p>A development impact tool helps us systematize how we assess each deal for its development impact. It includes analytical and visual tools to quantify the current and potential impact of a prospective client. We also put in place a governance framework to help us better manage the tool's maintenance and its periodic updates.</p> <p>The tool comprises four (sub)tools — one for each type of investment i.e., financial institutions, funds, corporates and project finance — to enable us to recognize distinct impact attributes of each type of investment and account for them in the tool's analysis.</p> <p>At a pre-screening stage, using both quantitative and qualitative data, each opportunity earns a score on the development impact dimensions of a country's development needs and a company's development impact potential. To assess the country dimension, the tool incorporates a variety of economic and social indicator datasets, such as the Inclusive Development Index, the Gender Development Index and the Global Adaptation Index. To assess a company's current or potential contribution to impact, at this early stage, we use basic information of the company's operations and reach.</p> <p>At due diligence, we build on the initial assessment by introducing additional quantitative data. This includes a review of a company's operational information and a reference to additional national and sector specific databases to understand gaps and potential development impacts of company operations over an investment's estimated lifetime.</p> <p>As an investor that applies a gender lens to all investments, we undertake a baseline assessment of gender equality in client operations, to identify opportunities to strengthen gender outcomes as part of our engagement with the client. To do this, we leverage existing gender mainstreaming and assessment tools, such as the 2X Criteria and the Women's Empowerment Principles Gender Gap Analysis Tool, which are both widely used in the development finance sector and accessible to all private sector entities.</p>	1

In our analysis, we always distinguish between a company's current and future performance. This allows us to assess where a client may be today versus their future state — based on projected activities and/ or additional impact commitments — and to evaluate the degree of stretch to achieve these improved outcomes and the associated risks of not achieving them. We recognize that some clients will be stronger on certain development impact areas than others; some will be further ahead on their development impact journeys while others might be just starting theirs.

When the degree of stretch is high, or when there is clear room to support the company in expanding its current practices to deepen potential development impact, together with them and often alongside other DFIs, we develop action plans with time-bound targets. Wherever reasonable, we draw on our Technical Assistance Facility to support our clients in achieving these targets. Detailed development impact assessments supported by action plans and targets where relevant, alongside ESG related concerns and other risks, are presented in the investment recommendation memos submitted to the Investment Committee and the Board. We also consider significant risk factors that could disrupt potential development impact through our ESG review process (for more details, please refer to Impact Principle 5).

To ensure alignment with generally accepted industry standards, FinDev Canada's impact measurement approach draws on reporting standards such as the Harmonized Indicators for Private Sector Operations (HIPSO), the recently updated 2X Criteria and the Global Impact Investing Network (GIIN)'s Impact Reporting and Investment Standards Plus (IRIS+). We also encourage and participate in the harmonization of impact measurement approaches including the Joint Impact Model¹¹ and the Joint Impact Indicators.

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

FinDev Canada's investment criteria indicates that the development impact focus and primary activities of the transaction will occur in ODA eligible countries. A company could be domiciled in a donor country or third country for reasons related to required legal and regulatory frameworks and policies.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

The registration of a company or fund may be in donor or third countries due to legal and regulatory frameworks required. This is examined on a case-by-case basis.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

FinDev Canada's investment activities are untied which is aligned with the Government of Canada's policy on development assistance.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

FinDev Canada assesses the financial and non-financial additionality of its transactions. Our methodology is informed by the Multilateral Development Bank's Harmonized Framework for Additionality in Private Sector Operations.

FinDev Canada assesses additionality in an investment at three stages of the investment cycle: i) triage at which time the potential additionality role that FinDev Canada can have with the investment; ii) due diligence during which time FinDev Canada tests and corroborates the assumptions from triage with market and client data as available; and, iii) monitoring and reporting which validates that the additionality that was assumed ex-ante has materialized over the holding period of the investment.

Score

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

In addition to the assessment mechanism described in the response to question 20, FinDev Canada uses comparative pricing and examines products and services used by financial institutions that are available in priority markets to ensure that markets are not being distorted.

For transactions that are supported by the 2X Canada blended finance facility, additional analysis is conducted to demonstrate alignment with the OECD Blended Finance Principles and the DFI Enhanced Blended Finance Principles.

Score

1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

<p>Yes. Commercial viability and sustainability are included among investment criteria including for those transactions being considered for the 2X Canada blended finance facility. FinDev Canada uses a rating system and due diligence on the financial performance of a transaction including the history of the client with other lenders or investors is examined.</p>	<p>Score 1</p>
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23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

<p>FinDev Canada assesses for additionality. Its current approach is informed by the Multilateral Development Bank's Harmonized Framework for Additionality in Private Sector Operations. FinDev Canada is re-assessing its approach to reflect the growth of the corporation and to account for the diversity in products.</p>	<p>Score 1</p>
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

<p>The additionality of individual investments is assessed ex-ante. An assessment of additionality is central to FinDev Canada's investment decision-making and takes place in parallel with the assessment of development impact for each transaction.</p> <p>FinDev Canada considers investments to have financial additionality when finance is provided in quantities or on terms not commonly provided by private financiers, and which fill investment gaps where other sources of finance are not available. For example, FinDev Canada can provide increased loan amounts or extended tenors to clients that private lenders may not have the capacity to offer, or FinDev Canada can make an investment that may be considered countercyclical in a market that is in a down-cycle. Furthermore, FinDev Canada serves as a catalyst for mobilising resources among investors to increase investments aligned to the SDGs.</p> <p>Non-financial additionality to support our clients to reach development impact goals and incorporate sustainable business practices is equally important. FinDev Canada considers investments to have non-financial additionality if its involvement leads to improved knowledge and skills, increased development impact performance, or higher ESG standards for clients. For example, FinDev Canada can help clients promote gender action among their clients, or to strengthen and implement their environmental and social management systems.</p> <p>FinDev Canada assesses additionality in an investment at three stages of the investment cycle: i) triage at which time the potential additionality role that FinDev Canada can have with the investment; ii) due diligence during which time FinDev Canada tests and corroborates the assumptions from triage with market and client data as available; and, iii) monitoring and reporting which validates that the additionality that was assumed ex-ante has materialized over the holding period of the investment.</p>	<p>Score 1</p>
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

<p>FinDev Canada does not collaborate with export credit agencies. It is a wholly owned subsidiary of Export Development Canada however it does not collaborate with EDC on investment related activities.</p>
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Canada: Global Affairs Canada: International Assistance Innovation Program (IAIP)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

<p>Global Affairs Canada (GAC)'s innovation and climate finance programs / Authorities received in 2017</p>

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

These are part of GAC's development portfolio and funding is reported on a project basis (Cashflow method since most are provided in the form of reimbursable grants). The [innovation program](#) was established in 2019 with a 5 year budget that is approved and reported at the project level. The climate finance initiatives are approved in a separate envelope to support Canada's climate finance commitment. These investments are also reported at the project level and on a cashflow basis.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	CAD 1.9 billion (both IAIP and ICFP)	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

This is part of the agreements at the project level and also included in the funding authorities. Investments are then reviewed at the individual level through annual reports to ensure allocation is the most accurate possible.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Not applicable

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

The IAIP use repayable contributions, which in OECD terms are classified as reimbursable grants. These contributions are a type of financing where there is an expectation of repayment, but the timing and amount of repayments is uncertain (based on success of underlying project) and not guaranteed. The reflows can be long-term in nature, over 20 years.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not applicable

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

Score

<p>International Assistance Innovation Program (IAIP): The IAIP aims to foster innovation in international assistance by enabling new or improved locally driven solutions. It seeks to achieve better results and have a greater impact, benefiting and empowering the poorest and most vulnerable, including women and girls: Innovation in international assistance</p> <p>Canada will provide its international assistance in ways that are more rapid and more effective in reaching local populations. streamlining and accelerating our funding and reporting procedures to reduce the administrative burden on our funding recipients. This will ensure that our assistance is more responsive, more transparent and more predictable. We will develop joint programming mechanisms that enable innovative funding partnerships. We will provide multi-year humanitarian assistance for protracted crises. And we will direct more assistance to local organizations in developing countries (including women’s organizations and movements). A Canadian Approach to Innovative Financing for Sustainable Development (international.gc.ca)</p>	1
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- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

Mandate and development purposes are set up by the national government through Global Affairs Canada.	Score 1
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- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

<p>Yes: International Assistance Innovation Program (IAIP) aims to complement existing development efforts by introducing innovative solutions that go beyond traditional approaches. The IAIP’s focus on innovation implies a commitment to avoiding market distortions. By promoting locally driven solutions, it seeks to enhance efficiency without disrupting existing markets. The IAIP operates as a repayable investment program. By strategically investing alongside private and commercial partners, it aims for financial self-sustainability.</p>	Score 1
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8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

<p>Yes. Impact and results framework are established before the funding disbursements.</p> <p>International Assistance Innovation Program (IAIP) makes strategic, targeted investments in high-impact projects that aim to overcome market barriers and facilitate private capital flow to support the Sustainable Development Goals (SDGs). With the ability to take on higher risk with its funding, it encourages private and commercial investors to participate in developing countries. This approach helps de-risk investments by more senior investors. Additionally, the program tracks and measures the impact of innovation. This ensures accountability and informs future decisions.</p>	Score 1
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9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

<p>The Official Development Assistance Accountability Act governs Canada’s international assistance. The Act ensures that all Canadian official development assistance is focused on reducing poverty and is consistent with aid effectiveness principles and Canadian values. The IAIP is a five-year pilot program (2019-2024) that makes targeted investments to help mobilise additional private investments in developing countries.</p> <p>The program is accountable to the Parliament of Canada, as detailed in the "Report to Parliament on the Government of Canada’s International Assistance".</p> <p>Report to Parliament on the Government of Canada’s International Assistance 2021-2022</p>	Score 1
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10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

Not applicable, the program under the development portfolio that use reimbursable grants to support the objective where traditional grants are not appropriate.	
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11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No dividends; reflows are currently all returned to the fiscal framework; these programs are not meant to be sustainable over the long term, but an additional tool for the development program.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

The IAIP program recognizes the fundamental contribution of the private sector to driving job creation, innovation, productivity, and economic growth in developing countries. Through the IAIP, Canada makes targeted, repayable investments – together with other private and public partners – in high-impact projects in developing countries. This approach helps to de-risk investments by more senior investors, making it possible for private and commercial investors to invest long term capital in developing countries.

Score

1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

The IAIP makes targeted, repayable contributions to projects that, together with other private and public partners, invest in high-impact projects in developing countries. The program is designed to overcome market barriers that prevent private capital from reaching developing country markets to support the Sustainable Development Goals. The IAIP projects to date have supported a Gender Smart Covid-19 Response Facility to aid micro, small and medium enterprises in the Caribbean, Latin America, and Sub-Saharan Africa and an impact investment fund along with technical assistance to increase finance for small and medium-sized businesses in the world's least developed countries.

Alignment with regional and national needs is assessed prior to each investment to ensure that the proposed projects are plausibly able to solve local problems around market access and economic exclusion. Once investment is made, a variety of monitoring tools are used to ensure the projects remain on-track and focused on creating local impact, including project monitoring frameworks, monitoring visits and a strong presence on projects' advisory boards.

Score

1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

The IAIP encourages greater experimentation and scaling up of new solutions to development challenges. The program is building on aid effectiveness principles, good practices, and lessons learned. This promotes close collaboration across sectors to achieve a greater development impact. For example, the IAIP projects to date have supported a Gender Smart Covid-19 Response Facility to aid micro, small, and medium enterprises in the Caribbean, Latin America, and Sub-Saharan Africa.

The IAIP provides technical assistance to facilitate the implementation of programming supported by repayable contributions. For example, the IAIP projects have supported a Gender Smart Covid-19 Response Facility to aid micro, small, and medium enterprises in the Caribbean, Latin America, and Sub-Saharan Africa, and an impact investment fund along with technical assistance to increase finance for small and medium-sized businesses in the world's least developed countries. [International Assistance Innovation Program \(IAIP\)](#)

Score

1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

The IAIP program has established a framework for the development of practical guidance and tools, creating systems to track and measure the impact of the program. All Canadian international assistance is reviewed through an environmental integration process that identifies risks and opportunities related to the environment, climate change, and the management of natural resources. Its purpose is to ensure that international assistance does not harm the environment or erode development gains.

The programs track development and impact KPIs through annual reports received by its partners. The capacity to implement the monitoring and evaluation required to accurately record is data is assessed as part of the due diligence conducted by the programs.

Score

1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

When projects are proposed to the IAIP, the process of due diligence on the partner, blended finance management experience, and capacity to achieve impact are all assessed based on a combination of forecasts submitted by the partner, historical impact and returns achieved by the partner, and expected market conditions. Additionally, standard financial market and impact benchmarks are used to right-size contributions.

Once a contribution is signed, and the programs start to receive periodic reporting, the programs track actual results and return data to ensure they are in line with the scenarios forecasted.

The IAIP purpose built its impact framework to perform ex-ante impact analysis and modelling. Based on industry benchmarking, and forecasting received from partners, the program is able to make informed decisions on impact, development, and blended finance structures.

Score

1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Not applicable

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

The Innovation Program only invests through intermediaries as it does not have the capacity, on the ground presence and in-depth local knowledge of the investment conditions to successfully deliver direct investments in recipient countries.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

GAC's contribution agreements do not contain any requirements related to Canadian content for any financed projects. As part of the due diligence process, GAC makes sure that procurement policies from partners follows best practices in terms of fairness and transparency. In case of gaps, GAC puts in place mitigation strategies.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

The IAIP is designed to overcome market barriers that prevent private capital from reaching developing country markets to support the Sustainable Development Goals. By using development assistance in this way, the IAIP mobilises additional private funding to support sustainable development. It also makes it possible for Canada to collaborate with new partners to mobilise additional resources for development. In financial terms, the IAIP can take a more junior investment position with its funding, helping to de-risk investments by more senior investors, thereby bringing in longer term private capital towards projects that would have otherwise not received investment. Moreover, GAC asks prospective partners to explain in their funding proposals how the project would align with blended finance principles, including additionality, during the due diligence process.

Score

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

The programs assess projects based on their impact in addressing markets in regions and industries that have high development and climate change impact yet have not received capital due to risk concerns. Here to program's contributions take a junior position, helping to de-risk investments by more senior investors. This use of concessional financing ensures that these new markets can continue fully commercial terms in the future.

Score

1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

Score

Yes, the program assesses each partner's financial and commercial sustainability. As part of the due-diligence process, the partner's historical financial statements, fund performance, and financial models are assessed against market benchmarks and trends. The financial and cashflow models are specifically analysed with different market scenarios to ensure that the project would be financially sustainable compared to internal accrual standards.	1
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23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Yes, the program follows additionality criteria as set out by the OECD blended finance principles.	Score
	1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Yes, partners are expected to provide evidence and reporting on the additionality ex-ante.	Score
	1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

Not applicable.

Canada: Global Affairs Canada: International Climate Finance Program (ICFP)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Global Affairs Canada (GAC)'s innovation and climate finance programs / Authorities received in 2017
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A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

These are part of GAC's development portfolio and funding is reported on a project basis (Cashflow method since most are provided in the form of reimbursable grants). The climate finance initiatives are approved in a separate envelope to support Canada's climate finance commitment. These investments are also reported at the project level and on a cashflow basis.
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3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	CAD 1.9 billion (both IAIP and ICFP)	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

This is part of the agreements at the project level and also included in the funding authorities. Investments are then reviewed at the individual level through annual reports to ensure allocation is the most accurate possible.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Not applicable

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

The Climate finance program uses repayable contributions, which in OECD terms are classified as reimbursable grants. These contributions are a type of financing where there is an expectation of repayment, but the timing and amount of repayments is uncertain (based on success of underlying project) and not guaranteed. The reflows can be long-term in nature, over 20 years.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not applicable

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>International Climate Finance Program: The International Climate Finance Program focuses on addressing climate change challenges globally. It supports climate action and resilience-building efforts in developing countries, particularly those most vulnerable to climate impacts. The program contributes to global efforts under the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. The program aims to:</p> <ul style="list-style-type: none"> • Mitigate Climate Change: By supporting projects that reduce greenhouse gas emissions, enhance energy efficiency, and promote renewable energy adoption. • Adapt to Climate Change: By assisting countries in building resilience to climate impacts, such as extreme weather events, rising sea levels, and changing ecosystems. • Promote Sustainable Development: By aligning climate finance with broader development goals, poverty reduction, and social equity. <p>Canada's international climate finance</p> <p>Canada will provide its international assistance in ways that are more rapid and more effective in reaching local populations. streamlining and accelerating our funding and reporting procedures to reduce the administrative burden on our funding recipients. This will ensure that our assistance is more responsive, more transparent and more predictable. We will develop joint programming mechanisms that enable innovative funding partnerships. We will provide multi-year humanitarian assistance for protracted crises. And we will direct more assistance to local organizations in developing countries (including women's organizations and movements). A Canadian Approach to Innovative Financing for Sustainable Development (international.gc.ca)</p>	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

Mandate and development purposes are set up by the national government through Global Affairs Canada.

Score
1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

Yes.

International Climate Finance Program's mission is to support climate action in developing countries beyond what would occur without external financing. The program's emphasis on climate resilience and mitigation aligns with avoiding market distortions. By investing in climate-friendly projects, it aims to enhance sustainability without causing adverse effects. [Canada's approach to international climate finance](#)

Score

1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

Yes. Impact and results framework are established before the funding disbursements.

International Climate Finance Program has four thematic Areas of Focus:

- Clean Energy Transition and Coal Phase Out,
- Nature-based Solutions and Biodiversity,
- Climate-smart Agriculture and Food Systems, and
- Climate Governance

The program allocates a large portion to grant funding to ensure that development objectives are pursued effectively, especially in vulnerable regions. The program also allocates specifically to funding to projects that leverage nature-based solutions. These projects contribute to biodiversity co-benefits while addressing climate challenges. A vast majority of climate projects integrate gender equality, aligning with Canada's Feminist International Assistance Policy. This ensures that development benefits are inclusive and equitable. [Innovation Guidance Note Development Innovation Unit \(publications.gc.ca\)](#)

Score

1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

The Official Development Assistance Accountability Act governs Canada's international assistance. The Act ensures that all Canadian official development assistance is focused on reducing poverty and is consistent with aid effectiveness principles and Canadian values. The IAIP is a five-year pilot program (2019-2024) that makes targeted investments to help mobilise additional private investments in developing countries. Canada's international climate finance commitment focuses on four main areas: clean energy transition and coal phase-out; climate-smart agriculture and food systems; nature-based solutions and biodiversity; climate governance.

The programs are accountable to the Parliament of Canada, as detailed in the "Report to Parliament on the Government of Canada's International Assistance".

[What We Heard on Canada's Future Climate Finance Strategy for Developing Countries \(international.gc.ca\)](#)

[Report to Parliament on the Government of Canada's International Assistance 2021-2022](#)

Score

1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

Not applicable, these are programs under the development portfolio that use reimbursable grants to support the objective where traditional grants are not appropriate.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No dividends; reflows are currently all returned to the fiscal framework; these programs are not meant to be sustainable over the long term, but an additional tool for the development program.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

<p>Canada's international climate finance commitment focuses on four main areas: clean energy transition and coal phase-out; climate-smart agriculture and food systems; nature-based solutions and biodiversity; climate governance. In 2021, Canada announced a doubling of its international climate finance, from \$2.65 billion (2015–2021) to \$5.3 billion (2021–2026). This commitment aims to help developing countries transition to low-carbon, climate-resilient, nature-positive, and inclusive sustainable development. It also aims to support women's leadership and decision-making in climate action and ensure that at least 80% of climate projects integrate gender equality, in line with Canada's Feminist International Assistance Policy.</p> <p>Canada's climate finance for developing countries (international.gc.ca)</p>	<p>Score</p> <p>1</p>
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13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

<p>Canada's international climate finance commitment was informed by a comprehensive set of consultations held with 530 people representing over 300 organizations across 20 countries. The program also aims to support women's leadership and decision-making in climate action and ensure that at least 80% of climate projects integrate gender equality, in line with Canada's Feminist International Assistance Policy.</p> <p>Alignment with regional and national needs is assessed prior to each investment to ensure that the proposed projects are plausibly able to solve local problems around market access and economic exclusion. Once investment is made, a variety of monitoring tools are used to ensure the projects remain on-track and focused on creating local impact, including project monitoring frameworks, monitoring visits and a strong presence on projects' advisory boards.</p> <p>Canada's climate finance for developing countries (international.gc.ca)</p>	<p>Score</p> <p>1</p>
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14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

<p>Canada measures the impact of its climate finance support against several indicators. These include greenhouse gas (GHG) emission reductions resulting from funding to international initiatives, the number of people in developing countries who benefited from Canada's adaptation, and the amount of private finance mobilised. The programs and projects supported under this commitment are expected to reduce or prevent greenhouse gas (GHG) emissions by over 223 megatonnes – the equivalent of removing nearly 62 million cars from the roads for one year – and help more than 8 million people adapt to the effects of climate change. Canada's climate finance for developing countries (international.gc.ca)</p>	<p>Score</p> <p>1</p>
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15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

<p>All Canadian international assistance is reviewed through an environmental integration process that identifies risks and opportunities related to the environment, climate change, and the management of natural resources. Its purpose is to ensure that international assistance does not harm the environment or erode development gains.</p> <p>The programs track development and impact KPIs through annual reports received by its partners. The capacity to implement the monitoring and evaluation required to accurately record is data is assessed as part of the due diligence conducted by the programs.</p>	<p>Score</p> <p>1</p>
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16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

<p>When projects are proposed to the Climate Finance Program, the process of due diligence on the partner, blended finance management experience, and capacity to achieve impact are all assessed based on a combination of forecasts submitted by the partner, historical impact and returns achieved by the partner, and expected market conditions. Additionally, standard financial market and impact benchmarks are used to right-size contributions.</p>	<p>Score</p> <p>1</p>
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Once a contribution is signed, and the programs start to receive periodic reporting, the programs track actual results and return data to ensure they are in line with the scenarios forecasted.

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Not applicable

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

The Program only invests through intermediaries as it does not have the capacity, on the ground presence and in-depth local knowledge of the investment conditions to successfully deliver direct investments in recipient countries.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

GAC's contribution agreements do not contain any requirements related to Canadian content for any financed projects. As part of the due diligence process, GAC makes sure that procurement policies from partners follows best practices in terms of fairness and transparency. In case of gaps, GAC puts in place mitigation strategies.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

The International Climate Finance program reviews all project proposals to identify risks and opportunities related to the environment, climate change, and potential development impacts. This includes considering the potential for reducing greenhouse gas emissions, mobilising private finance, and benefiting people in developing countries.

GAC asks prospective partners to explain in their funding proposals how the project would align with blended finance principles, including additionality, during the due diligence process.

Score

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

The program assesses projects based on their impact in addressing markets in regions and industries that have high development and climate change impact yet have not received capital due to risk concerns. Here to program's contributions take a junior position, helping to de-risk investments by more senior investors. This use of concessional financing ensures that these new markets can continue fully commercial terms in the future.

Score

1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

Yes, the program assesses each partner's financial and commercial sustainability. As part of the due-diligence process, the partner's historical financial statements, fund performance, and financial models are assessed against market benchmarks and trends. The financial and cashflow models are specifically analysed with different market scenarios to ensure that the project would be financially sustainable compared to internal accrual standards.

Score

1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Yes, the program follows additionality criteria as set out by the OECD blended finance principles.

Score

1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Yes, partners are expected to provide evidence and reporting on the additionality ex-ante.	Score 1
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

Not applicable.

Czechia: International Development Cooperation Guarantee Programme

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Národní rozvojová banka, NRB, 1992

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

Last capital increase of the PSI vehicle happened in 2023 and full amount, which was transferred from the state budget (Ministry of Foreign Affairs) to the NRB, was reported as ODA using the institutional approach.
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3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	Ex-ante estimation : CZK 207 million = USD 9 million <i>Note: the program was launched in mid-2019; due to economic impacts of the consecutive COVID, energy and inflation crises, no projects were supported in the years 2021, 2022 and 2023</i>	CZK 0
Other	CZK 0	CZK 0

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

Finance is allocated to individual projects realized in a concrete specified destination, which means that one project is usually realized in one country, although it is not excluded that one project may be realized in more countries. However, only countries listed on the DAC list are

eligible for support. Thus, it is not possible that a supported project will target non-ODA recipient.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

In case money is used in a non-ODA country, this will clearly be a breach of terms of the program. Such expenditures will be ineligible and it may lead to the termination of the support to the project.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Currently, no financing is provided to official sector entities.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

All supported activities under this instrument must be ODA-eligible.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>In the Czech case, the PSI vehicle is a program administered on behalf of the donor government by the Národní rozvojová banka (National Development Bank), which fulfils the roles of a national promotional bank (targeting the Czech economy), a public development bank (targeting the public sector in developing countries) and a development financial institution (targeting the private sector in developing countries). In line with the guidance, this self-assessment concerns only those programs that are targeting developing countries, not the NRB as an institution.</p> <p>Mandate of the PSI vehicle is given by the Government Resolution No. 435 of 26 June 2018 on Bilateral International Development Cooperation in 2019 and its Medium Term Financing until 2021. This resolution approved the International Development Cooperation Guarantee Program and authorized the Ministry of Foreign Affairs (as a manager of the respective state budget chapter) and the NRB (as a manager of the guarantee fund) to realize this program. Government Resolution No. 535 of 14 June 2021 on Bilateral International Development Cooperation in 2022 and its Medium Term Financing until 2024 modified the financing model in a way that it created an umbrella program called "Financial Instruments in the International Development Cooperation", which can have several subprograms. One subprogram is the already existing "International Development Cooperation Guarantee", second program is under preparation (working name "Infrastructure Development Loan"). The program explicitly states that it is announced in accordance with the Act on International Development Cooperation and Humanitarian Assistance (Act No. 151/2010 Coll.) and with the International Development Cooperation Strategy of the Czech Republic 2018-2030. It also states that it is designed in line with the new European Consensus on Development, Agenda 2030 and the OECD/DAC blended finance principles. Thus, the development purpose is clearly set at the level of the instrument.</p>	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
<p>As the only shareholder of the bank, the Government approves the Statutes and the Medium-Term Strategy of the NRB as well as it approves the respective programs, which the NRB administers on behalf of the Government. So, the development purpose of the PSI vehicle is always set by the Government.</p>	1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Financial sustainability and non-market distortive nature are enshrined in the Preamble of the Statutes of the NRB as a general principle for the bank's activities. Specifically, the bank's activity "is based on long-term financial sustainability implemented financial instruments" and the bank "complements the offer of banking and investment products on the market and thereby helps overcoming the existing market failures and sub-optimal investment situations". Both development and financial additionality is enshrined by reference to DAC blended finance principles and explicitly stated in the preamble of</p>	1

the program. Specifically, the program “emphasizes the development impact and the mobilisation of private resources”.

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<p>Program document sets a condition that projects must have a clear development impact, such as supporting local growth and employment, transfer of technologies and know-how, modernization of infrastructure, sustainable use of natural resources, use of renewable energy sources etc. All applicants are obliged to assess social and environmental impacts of their projects according to the UN Global Compact principles. Some activities are automatically excluded from the support (activities containing forced or child labor, illegal activities according to local laws or international conventions, arms and ammunition, gambling, activities with detrimental impacts on nature etc.). Development impact of all projects is assessed by the Assessment Committee prior to the final approval of projects; this Committee uses expertise from the Ministry of Foreign Affairs (Department of International Cooperation and Humanitarian Assistance), the Czech Development Agency and the Export Guarantee and Insurance Corporation (EGAP). Moreover, each project will be scrutinized during its life cycle both from the financial perspective (by the NRB) and the development perspective (by the development diplomat from the respective Czech Embassy). This means that development objectives are not only theoretically set at the level of the instrument, but also practically assessed and monitored at the level of each project.</p>	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
<p>Yes. The strategy of each program / sub-program is approved on a bilateral basis between the NRB and the Ministry of Foreign Affairs, Department of International Cooperation and Humanitarian Assistance, to which the NRB is accountable with respect to the development finance programs.</p>	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

Czech Republic 100%

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No dividends are extended to the shareholder.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
<p>Investment strategy is set by the Program approved by the Government. The Program explicitly states that sectoral priorities must be in line with the International Development Cooperation Strategy of the Czech Republic 2018-2030 (which is based on Agenda 2030 and Sustainable Development Goals). Thus, the Program lists several sectoral priorities such as sustainable use of natural resources, agriculture and rural development, economic transformation, fostering economic growth and the creation of decent jobs etc. All investments must contribute to sustainable development of local communities and economies and must fulfill the criteria of the Principles for Responsible Financing of Sustainable Development as defined by the Association of Bilateral European Development Finance Institutions (EDFI). All applicants are obliged to define development impact and to assess social and environmental impacts of their projects. Development impact of all projects is assessed by the Assessment Committee prior to the final approval of projects.</p>	1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
<p>The program sets as a formal condition of eligibility that the project must contribute to sustainable development of the partner country. It is up to the client to describe how does the project contribute to local sustainable development and how does it contribute to achieving local development goals. All applicants are obliged to define development impact and to assess social and environmental</p>	1

impacts of their projects. Development impact of all projects is assessed by the Assessment Committee prior to the final approval of projects. Respective Czech Embassy is consulted during the process to ensure the alignment with local development needs and strategies.

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

Development impact is actively promoted as it is one of the cornerstones of the Program. One of formal conditions of eligibility is that the project must contribute to sustainable development of the partner country. It is part of the application form to describe how does the project contribute to local sustainable development in terms of development, social and environmental impacts. Thus, each client is from the first consultation explicitly directed towards thinking about development impacts of the project.

Score
1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

Development impact is assessed on an ad hoc basis for each project. This means that development impact framework is always actual with respect to development goals, priorities, strategies and guidance as set by the Czech government, the government of the recipient country, the European Commission, the OECD, the United Nations or any other relevant international body.

Score
1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

See Question 8. As part of the application form, all applicants are obliged to assess social and environmental impacts of their projects according to the UN Global Compact principles. Development impact of all projects is assessed by the Assessment Committee prior to the final approval of projects. Thus, impact of all projects is assessed ex-ante in the form of self-assessment verified by the expert committee. As the program targets mainly smaller projects, the minimal benchmark for development impact is the number of new jobs created, with the nature of the newly created jobs and the involvement of vulnerable groups (women, youth etc.) being also taken into account. As the guarantee is provided only to investment projects, other key feature assessed is the transfer of technologies and know-how, which would create a significant added value of the project. Third basic area of assessment is the social and environmental impact of the project, including for example energy savings, replacement of fossil fuels by renewables etc. There is no standardized template for the assessment of the development impact, mainly because a wide range of projects is eligible for support and using such a template may become too binding.

Score
1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Companies residing in donor country are clients of the NRB as beneficiaries of the individual guarantee. We are in close contact with them from the beginning, we help them to define their project to fulfil all criteria of eligibility and, if needed, we participate in the negotiations with the financing bank. Companies residing in recipient countries are final beneficiaries of the NRB support - Czech company is eligible for support only on condition it has established a legal entity in the recipient country and is entitled to do business or to invest in the respective country. This can take different legal forms such as local subsidiary of the parent company, local joint venture, local project SPV etc.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

Rationale for using a guarantee mechanism is:

- (1) to achieve higher leverage and mobilisation of private capital compared to loans or grants;
- (2) to crowd-in private investors, not to crowd them out;
- (3) to exploit the fact that commercial banks know their clients better from the long-term perspective, which in the end decreases the costs of the NRB related to due diligence procedures.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

Eligible beneficiaries of the guarantee mechanism are companies authorized to do business or to invest in the respective country. It is not envisaged whether it shall be a Czech company. However, currently only Czech banks can serve as financial intermediaries, which increases

the likelihood that Czech companies will benefit from the guarantee scheme. On the other side, the Program does not stipulate any minimal share of ownership in the local entity. It can be a minority share, even without blocking rights. Similarly, the Program does not stipulate any condition with relation to procurement of goods and services, it is up to the client where to purchase goods and services related to their investment. A typical business case can be described as a Czech company having a guarantee from the NRB, which is transferred to a local entity as a final beneficiary. This entity is usually partly Czech-owned, partly in local ownership. Goods and services related to the investment are purchased predominantly locally to avoid excessive transport and custom costs. This model ensures a de facto untied nature of the investment activities.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

<p>Statutes of the NRB states that “the bank complements the offer of banking and investment products on the market and thereby helps to overcome existing market failures and suboptimal investment situations”. NRB is working closely with commercial banks operating on the market via its membership in the Czech Banking Association. Due to relatively high liquidity on the market, the NRB offers primarily guarantees, which does not crowd-out private capital, but which serve as a risk-sharing mechanism improving access to finance particularly for smaller companies with shorter history, inadequate collateral, intangible assets or more risky projects (all of these aspects cause money being less accessible for SMEs). Guarantee mechanisms are financially additional per se as usually without the guarantee, companies would not be granted a loan and the investment would be called off or delayed. In case of loan programs, the NRB is active only in those segments with a clear market failure where commercial banks are reluctant to offer financing or they offer financing on very unfavorable terms (microenterprises with less than 10 employees, social entrepreneurs, innovative projects etc.). The NRB is targeting financial additionality in all its programs. The NRB also targets value additionality in some of its programs in the form of advisory services, which is partly true also for development finance programs. The NRB is in close contact with the clients from the beginning, we help them to define their project to fulfil all criteria of eligibility (both formal and substantial such as identifying and maximizing development impact), and, if needed, we participate in the negotiations with the financing bank. By guiding through the whole application process, we provide the clients with non-financial technical assistance, which is clearly beyond what the capital markets offer.</p>	<p>Score 1</p>
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21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

<p>NRB development financing addresses existing market distortions both in the target country (bank loan for the local company or SPV would be too costly) and in the donor country (Czech company investing in a developing country may be perceived as too risky client, which is not bankable without any external guarantee) by making access to finance easier.</p>	<p>Score 1</p>
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22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

<p>As part of the application, the client must submit income tax returns and financial statements for last three years and a detailed budget of the project. Based on these documents, the NRB can assess the viability of the client and the commercial sustainability of the project (standard banking due diligence procedures).</p>	<p>Score 1</p>
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23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

<p>Additionality framework is reviewed on a regular basis via consultations with the commercial banks, with the potential clients and with the Ministry of Foreign Affairs (incl. economic diplomats from the Embassies in the developing world). This continuous consultations allow the NRB to assess the adequacy of the (sub)programs and its features and conditions. The subprogram “International Development Cooperation Guarantee” was launched in 2019, it has been modified in 2021 and the NRB is currently working on another update to be approved in 2024 or 2025. Both updates tackled crucial parameters such as guarantee rate, guarantee amount or guarantee period. This confirms that additionality is thoroughly analyzed and the program is modified, if needed.</p>	<p>Score 1</p>
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

<p>Score</p>

As any business case is in fact a quadrilateral consultation between the NRB, the financing bank, the client and the Ministry of Foreign Affairs, it ensures that additionality is assessed ex-ante. Additionality is assessed ad hoc taking into account the specific characteristics of the respective project. If needed, additional screening based on available qualitative and quantitative data may be conducted.

1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

Development financing and export financing are basically different one from each other. The only way of collaboration with ECAs is that the Export and Guarantee Insurance Corporation (EGAP) is a member of the Assessment Committee, which is responsible for assessing development impact of the submitted projects. EGAP has a profound and long-term experience with projects in developing countries and their development impacts, this bringing a valuable expertise to the whole process. This specific expertise lies for example in the application of the OECD Recommendation for Officially Supported Export Credits and Environmental and Social Due Diligence or in risk management.

Denmark: Investment Fund for Developing Countries (IFU)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Danish: Investeringsfonden for Udviklingslande
 English: The Investment Fund for Developing Countries
 Abbreviation: IFU
 Year of establishment: 1967

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

100%, based on latest ODA-eligibility assessment

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	DKK million 2021: 933.0 2022: 740.3 2023: 639.7	
Other	Nil	

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

Yes.

According to Section 9(1) of the Act on International Development Cooperation, IFU may only invest in developing countries, i.e. countries on the DAC List. In cases where IFU invests in entities which may have activities outside countries on the DAC List, contractual safeguards are required to ensure use of IFU's funds is only in countries on the DAC List.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

IFU manages the Danish government's soft loan program to public sector entities in developing countries, Danida Sustainable Infrastructure Finance, which is financed directly from the Danish state budget.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not relevant

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

Yes.

Section 9(1) of the Act on International Development Cooperation: "The object of the Investment Fund for Developing Countries is to promote investments which support sustainable development in developing countries and contribute to the realisation of the Sustainable Development Goals. The fund must apply relevant international standards for sustainability and social responsibility based on international agreements, including UN Guiding Principles on Business and Human Rights. The fund is an independent..."

Clause 4(1) of IFU's statutes: "The fund may make direct or indirect investments in developing countries in the form of share capital, loans and guarantees or otherwise, deemed to have positive impact on local, sustainable business development and any other investments which, in the opinion of the board of directors, further the objects of the fund."

IFU's latest vision and mission statements (February 2024):

"By 2050, 10 billion people living well and achieving their fullest potential within the boundaries of the planet."

"Promote investments which support sustainable development in developing countries and realisation of the SDGs"

Score

1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

Yes.

The Danish government is ultimately responsible for implementing the development mandate of IFU according to the Act on International Development Cooperation. This is done through the following means:

The minister for development cooperation approves IFU's statutes.

The minister issues and annually updates a strategic ownership document for IFU, setting the development policy direction for IFU, including key performance indicators.

The minister directly appoints the board of directors of IFU, including the chairman and deputy chairman.

Score

1

The minister directly appoints the chief executive officer of IFU.	
The minister appoints an external, state authorised public accountant to audit IFU.	
The Ministry of Foreign Affairs regularly conducts reviews and supervisions of IFU's activities focused on development impact, additionality and compliance with relevant rules of environmental, social and governance standards.	

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Yes.</p> <p><u>Additionality and non-market distortive nature</u></p> <p>All IFU's investments are required to be additional and may not distort the market.</p> <p>It is stated in the minister's latest strategic ownership document: "The mandate of development finance institutions is to facilitate investments that are additional to the market. It is IFU's responsibility to ensure that the fund's investments are additional, including financial as well as developmental, and at the same time ensure high standards in terms of environment, social and governance ("ESG") and human rights. IFU must properly document additionality in all its engagements in accordance with the OECD's standards for this."</p> <p>More indirectly, it follows from clauses 5(1) and 6 of IFU's statutes, that IFU may not distort the market. They state respectively: "With due consideration being given to the interests of developing countries and the special conditions applying to investments in these countries, the fund must operate according to business principles and in close cooperation with the private business sector. ... The activities of the fund must be to initiate activities, so that the fund's participation terminates when the enterprises in the developing countries, in which the fund invests, would normally have reached a certain level of financial stability. Except for representation on boards of directors and similar ownership representation, the fund should not participate directly in the operation of enterprises in developing countries unless such participation is temporary for the purpose of restructuring a distressed enterprise or unless other very special circumstances exist."</p> <p><u>Financial self-sustainability</u></p> <p>IFU is a revolving fund where future investments are made from the proceeds of current investments. IFU is therefore required to obtain a sufficient return on its investments to preserve its capital and to cover its operational costs as an independent legal entity.</p> <p>This above is enshrined in Sections 9(1) and 9(3), respectively, of the Act on International Development Cooperation where it is stated: "...The fund is an independent, self-governing institution. ...The costs of the fund's administration are paid by the fund."</p> <p>Further elaboration regarding limited liability is found in clause 2(2) of IFU's statutes: "The legal status of the fund is that of a separate and independent legal entity which is liable only to the extent of its assets."</p> <p>Regarding covering its own operational costs, clause 8(4) of IFU's statutes states: "Expenses relating to the administration of the fund, including remuneration of members of the board of directors, the executive board and the auditor, are payable out of the fund's net assets."</p> <p>Finally, the principle of financial self-sustainability is stated in § 5 of the minister's latest strategic ownership document: "... IFU must, in terms of equity (outside of managed funds) and capital grants from the Ministry of Foreign Affairs, participate in economically sustainable investments with a targeted focus on high societal returns in the developing countries, as well as a financial return that ensures financing of IFU's operations and that the value of IFU's equity is maintained over time."</p>	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes.</p> <p>Apart from the legal and governance basis described in question 7, the primary instruments of internal implementation are:</p> <ol style="list-style-type: none"> 1) IFU's sustainability policy, approved by the board of directors, which in section 5.5, outlines the development and additionality criteria for investments. 2) IFU's investment strategy, approved by the board of directors, setting out investment targets and objectives for IFU's instruments and funding vehicles, see also the answer to question 12. 3) Investment guidelines detailing how the investment criteria are applied in IFU's internal sorting process for potential investments (so-called "gates"). 	1

- 4) For all investments an environmental and social action plan (ESAP) and a results framework are prepared, agreed with the portfolio company and form part of legally binding agreements between IFU and the portfolio company and its other shareholders.
- 5) All investments in IFU's portfolio must report annually on ESG and development impact. These reports are used to track progress and discussed in regular internal active ownership meetings at IFU.

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
<p>Yes.</p> <p>Also see the answer to question 7.a. IFU is accountable to the minister for development cooperation. In practice this means that the minister sets the development policy direction for IFU, aligning it, within the framework of the Act on International Development Cooperation, with the Danish government's overall development strategy. The minister issues a strategic ownership document for IFU, which among other sets the development policy direction for IFU, including key performance indicators, which IFU must report on annually.</p> <p>The Ministry of Foreign Affairs regularly conducts reviews and supervisions of IFU's activities focused on development impact, additionality and compliance with relevant rules of environmental, social and governance standards.</p>	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

IFU is a separate and legal entity with liability limited by its assets. Legally, IFU is structured as a foundation, which does not, in a legal sense, have shareholders or owners. In the event that IFU is dissolved, its net assets will go to the Danish state.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

Not currently.

According to Section 9(4) of the Act on International Development Cooperation, IFU "may, with the approval of the board of directors, pay dividends to the state."

However, from 2023 and onwards dividends have been suspended as an element in the Danish government's decision to increase IFU's capital base.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
<p>Yes.</p> <p>IFU's investment strategy 2021-2024 (which is the current strategy), details the development priorities, impact and measurable outcomes, based on a theory of change, which IFU's investments must contribute to and reference is made to the strategy in its entirety. It highlights the following:</p> <p>"Our impact priorities:</p> <p>Building a green economy. By supporting businesses that create decent jobs and mitigate or adapt pressures from climate change, change production and consumption patterns, or provide other environmental services and benefits.</p> <p>Building a just and inclusive economy. By supporting businesses that create decent jobs and provide access to essential services, goods, and solutions, including to underserved groups such as women, youth and smallholders" (page 5)</p> <p>It further elaborates:</p> <p>"The central element of this new investment strategy is that we want to become a more focused investor that is guided by our impact priorities. We are introducing a new investment theory of change and associated project impact screening tool to more closely gate in and focus on projects with the biggest impact and return potential. We are also sharpening our geographical scope, focus sectors, and approach to fund and platform investments to help us invest with more focus and clarity. This also entails that not all projects are 'good enough' despite adhering to our ticket and return standards." (page 4)</p>	1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes.</p> <p><u>General methodology to ensure impact</u></p> <p>IFU's impact management system comprises a stepwise ex-ante assessment of the impact potential of each investment from identification to approval. The initial screening of the investment opportunity is presented internally in a so-called "Gate 1 paper" with a first assessment of strategic alignment and the investment's expected potential to deliver against IFU's impact priorities.</p> <p>As part of the due diligence of a project proposal an ex-ante impact analysis is undertaken, including an analysis of each of five impact dimensions: (1) what is the scope of the impact? (2) who will benefit? (3) what is the current need/gap with the beneficiary regarding the impact area? (4) what is the likelihood that the impact will occur and can be measured? and (5) how significant is IFU's non-financial contribution in relation to each impact area? These questions are posed and answered in IFU's investment process templates, to clarify the expected impact of each investment. These are assessed through desk-based impact analysis, although for some investments IFU has undertaken dedicated impact due diligence assessments. Any gaps or areas of uncertainty are then used to formulate impact hypotheses, which are tested further as part of the later due diligence process. The approach further elaborated by a theory of change for all new investments.</p> <p>This ensures a clear visualisation and articulation of impact pathways and made assumptions to make explicit understanding of how the investment contributes to achieving IFU's impact priorities of inclusive economy and green transition, including alignment with the SDG Goals.</p> <p>Subsequently, pertinent indicators are selected for each impact area, which form the basis of a results framework agreed between the investee and IFU in an impact creation plan, including baseline and annual targets for each impact indicator. This forms the basis of IFU's tracking of results and progress towards impact. IFU has developed a set of standard indicators at portfolio, sector and project levels to help ensure consistency and comparability across investments, facilitating aggregation at portfolio level where feasible. These are aligned with the Joint Impact Indicators (JII), launched by HIPSO and IRIS+ in 2021. IFU's impact indicators are also aligned with EDFI harmonised indicators, with mapping currently being undertaken against the draft European Sustainability Reporting Standards, being a key informant to the keeping them updated.</p> <p>The final analysis is presented at 'binding commitment' stage to IFU's investment committee and board, which together take the overall responsibility and final decision to finance the investment.</p> <p><u>Alignment with national development needs</u></p> <p>As a means to establish transparency on alignment, all investment proposals require description of the context of the expected impact of the individual investment, including economic segment, geography, gender, youth etc. This information can be gathered in various ways such as IFU's own local representative office (if there is one in the host country), local market analyses, surveys, consultations with embassies, EU representations, private sector participants, chambers of commerce, ministries and local governments. The investment's impact creation in the local context, including the national development plan, is then laid out.</p> <p>While it is a requirement that investments have net positive impact on either building a green economy or a just and inclusive economy (see item 12 for an explanation), it is not a formal requirement that specific national development needs stated in official documents are met by the specific investment, although this will most often actually be the case.</p> <p><u>Indirect investments</u></p> <p>Indirect investments, such as investments in private equity funds, are subject to the same process as direct investments. However, at the time of investing, most funds have not yet carried out any specific investments, so the appraisal outline above must be made at the policy level of the fund ensuring policy and strategy alignment between IFU and the fund.</p>	1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes.</p> <p>For each investment contracted an impact creation plan is prepared and agreed between IFU and the investee company. The purpose of the investment creation plan is to ensure a focused impact creation by the company. The impact creation plan is tracked by the investee company, ultimately by the company's board (where IFU has a seat), and by IFU over the entire ownership period of IFU, so that deviations or delays can be addressed in time. There may over time be changes to the plan, but the original targets are documented to compare the final impact results of the company to the expected impact at the onset of the investment.</p> <p>At exit of the investment an investment completion report is prepared for IFU internally where realised impact is compared to the expected impact at the onset. See also the answer to question 13 for an overview of impact assessment in the investment process.</p>	1

Indirect investments

Indirect investments, such as investments in private equity funds, are subject to the same process as direct investments, including an impact creation plan. When to exit underlying investments, is usually the decision of the intermediary.

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

Yes.

The impact framework is based on the Danish government's strategic ownership document, updated annually, and IFU's internal board approved policies, such as the climate policy, and IFU's overall strategy and investment strategy, both regularly updated and approved by the board of directors. See also the answer to question 13 for an overview of impact assessment in the investment process as well as the answer to question 14.

Score

1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

Yes, see the answers to questions 13 and 14.

Score

1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

As mentioned in the answer to question 4, IFU's funds can only go to a company in the host country (being a country on the DAC List).

There is no specific strategy for collaboration with companies in Denmark or third countries. Such collaborations occur when the business structure upon which the investment proposal is based includes companies from other countries than the host country.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

As mentioned in the answer to question 4, IFU's funds can only go to a company in the host country (being a country on the DAC List).

Using intermediate companies can be relevant depending on the business structure of the specific investment. IFU must ensure that the funds end up in the host country and that the structure complies with IFU's policy for responsible tax which, among other, requires that taxes are paid where the economic activity takes place and that certain excluded jurisdictions (including jurisdictions deemed "partially compliant" or "non-compliant" in OECD's Global Forum peer review) are not used.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

IFU has been untied since 2017 when an amendment to the Act on International Development Cooperation took effect.

On the other hand, there is no prohibition on making investments in companies in which Danish companies also participate as investors/lenders or which have Danish suppliers or are in any other way engaged with Danish business interest. The clear majority of IFU's investments today are made without Danish interest.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

Yes.

Additionality must be assessed in every investment made by IFU. Additionality can either be financial additionality or non-financial additionality. The current process relies on a largely qualitative ex ante assessment, but a joint project between IFU and the University of Copenhagen is working on developing a new model for assessing additionality for IFU.

IFU is currently strengthening its ex-ante additionality assessment. It includes two parts:

Score

1

<p><u>Part one</u></p> <p>Using context indicators to assess the likelihood of additionality. Domestic finance, international finance, appropriability and productivity will be assessed using the following sources: (i) Financial Development Index (IMF), (ii) portfolio equity, net inflows (% GDP WB), (iii) bank Z-score (WB), (iv) institutions index (UNCTAD), (v) World Uncertainty Index (IMF), (vi) Productive Capabilities Index (UNCTAD) and (vii) real internal rate of return (%) (PWT).</p> <p><u>Part two</u></p> <p>Evidencing the following statements: (i) capital is not (sufficiently) available, (ii) low return to private sector activity, (iii) capital is not offered on the same terms and (iv) engagement is leading to mobilisation.</p>	
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21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

<p>Not directly. Market distortions are addressed indirectly, as financial additionality is assessed, the question of market distortion is also taken into consideration, indirectly, as lack of additionality would mean that other suitable private parties could and would make the investment in question if IFU does not make it, thereby by definition making a potential investment by IFU distorting.</p> <p>Note: In the related issue of competition and anti-trust, IFU currently follows a principle of legal compliance, but a wider model is under development, whereby IFU would also take into account competition effects of IFU's own practices and make actual assessments of its investee companies' effect on competition, even if not required by legal regulation.</p>	<p>Score</p> <p>1</p>
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22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

<p>Yes.</p> <p>IFU prepares a detailed financial forecast for each investment proposal. For equity investments, expected return is compared with a return benchmark reflecting specific risks for the investment in question, such as country and industry. For debt financing, the risk premium is set to reflect the associated risk according to IFU's risk model.</p>	<p>Score</p> <p>1</p>
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23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

<p>Yes, see the answer to question 20.</p>	<p>Score</p> <p>1</p>
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

<p>Yes, see the answer to question 20.</p> <p>The additionality assessment process itself is conducted ex ante.</p> <p>During IFU's ownership period (or for the term of the loan if debt financing), the additionality assessment is linked to the general objective of only being invested in the investee company for as long as required to realise the impact and return set out in the impact creation plan and the value creation plan, respectively. See the answer to question 7.b for the legal basis for this.</p> <p>At exit of the investment, an ex-post assessment of the entire lifetime of the investment is prepared and presented in an investment completion report (ICR), this includes an assessment of IFU's financial and non-financial additionality.</p>	<p>Score</p> <p>1</p>
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

<p>IFU only collaborate with the Danish export credit agency, EIFO, or other export credit agencies if the business structure of the investment in question requires export credits. Normally, it will be the sponsor of the project who conducts the dialogue with EIFO or another export credit agency, but IFU may liaise with EIFO to share due diligence information, risk assessments or the like.</p>	
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France: Agence Française de Développement (AFD): PSI programmes

Basic identification details

- For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Full name : Agence Française de Développement, AFD, established in 1944

A. Disbursement breakdown

- For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

No recent capital increase for the PSI vehicle (for AFD). The AFD is not a PSI as such, since it transferred its Private sector activities to its subsidiary Proparco in 2018. There are, however, some remaining activities.

- For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	a) 2021: 157,22M€ b) 2022: 114,25M€ c) 2023 (preliminary): 47,4 M€	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

- For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

Our remaining PSI-vehicule activity is limited to ODA recipients.

- For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Non applicable.

- For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Non applicable

- For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Non applicable.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>The AFD is not a PSI as such, since it transferred its Private sector activities to its subsidiary Proparco in 2018. There are, however, some remaining activities; notably from the SUNREF programme (green finance).</p> <p>The SUNREF program is the green finance label of the French Development Agency which supports the energy and environmental transition of developing countries.</p> <p>The financial approach provides local partner banks with long-term loans and investment grants. These green credit lines are based on certain criteria (maturity of the green finance market, nature of the investments, clients targeted) and can be allocated on favorable terms.</p> <p>The technical approach supports and boosts the finance market for green investments. It helps banks finance projects and builds the capacities of companies to implement strategies for an optimized use of energy and natural resources.</p>	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
<p>In this matter, the 2023 "Comité interministériel de la coopération internationale et du développement" (CICID) defined the AFD and Proparco as the main actors in the governmental strategy for development purposes. In light of the key priorities defined by the CICID such as climate and environmental action, gender equality or reducing poverty, the AFD group translates such priorities in its Strategic Orientation Plan.</p>	1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Requirements for additionality are addressed through :</p> <ul style="list-style-type: none"> • Intervention only in areas where there are clear market failures and deficiencies; avoiding market distortion. • Funding of operations that could not proceed without its intervention. Particularly, regarding sectors where its added value is extra-financial. • Promotion of partnerships and co-financing models with private sector institutions, ensuring a complementary role. • Eligibility criteria, evaluation framework and detailed reporting requirement. • Ongoing evaluations and regular market assessment ensure that interventions remain relevant and justified <p>These provisions ensure the PSI vehicle operates harmoniously within existing market dynamics.</p>	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<p>AFD 2023-2027 strategy clearly identifies three overarching impact goals, framed as 'pillars' - protecting the planet, fighting inequality, and creating a more sustainable and resilient economy; with a particular emphasis on impact in LDICs, particularly on the African continent.</p> <ul style="list-style-type: none"> • AFD has developed detailed impact sheets for each of eighteen sectors (e.g., sanitation, cement, renewables), and is in the process of making updates to ensure alignment to the new strategy. These documents capture the primary challenges and opportunities in each sector, including an analysis AFD's potential contribution and detailed impact theses (inputs, outputs and outcomes) that map to the SDGs. They also include bibliographies, citing sources for sector-specific details in each document. • AFD takes a consistent approach to assessing the potential impact of each investment across asset classes. Impact assessment begins with an assessment of a potential investment's alignment with AFD's three core pillars of economy, planet, and inequality. SD pre-scoring is completed in the identification project document, after which a discussion of impact takes place at the project committee. After approval, an investment project document is discussed at the investment committee. • Impact ex-ante assessment templates are prepared consistently across sectors, setting out key impact indicators and the Sustainable Development rating. The document presented to the investment committee includes an assessment of each potential 	1

investment's impact on the key pillars of the current strategy period, along with a qualitative impact rationale for investment.

In addition, AFD employs strong monitoring mechanisms :

- Regular Monitoring: AFD employs a robust monitoring system to track the progress of projects against predefined milestones and indicators. This includes periodic reporting by project implementers and site visits by AFD staff.
- Mid-term Reviews: For longer-term projects, AFD conducts mid-term evaluations to assess progress, identify any challenges, and make necessary adjustments to ensure the project stays on track.
- Impact Measurement:
 - Post-implementation Evaluations: After a project is completed, AFD conducts detailed impact evaluations to measure the actual outcomes against the expected objectives.
 - Impact Reports: AFD produces impact reports that document the findings from these evaluations, which include qualitative and quantitative assessments of the project's contributions

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

Every three years, the government and AFD group establish a "*Contrat d'objectifs et de moyens*" defining objectives and resources available. The 2020-2022 contract formulates 47 clear annual quantitative objectives in various themes, such as the maintenance of the financial health of the group and its entities and targets in ODA, but more importantly on qualitative objectives on the Group's impacts in ODA in the key development aid priorities defined by the CICID.

The contract encompasses high level of accountability of AFD. At the end of each year, the group must report to the Ministry of Economy, the Ministry of Foreign Affairs, the Ministry of Overseas territories and to the Board its results on each objective set by the contract on objectives and resources.

Score

1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

AFD is 100% owned by the French State.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

The French State does receive dividends to fund its general budget.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

Yes, every transaction has to go through a preliminary phase assessing the impact and additionality of the project. Each project must be in line with AFD's sustainable development analysis and impact evaluation scheme. No score lower than -1 (=negative impact) on one of its 7 dimensions is possible.

Score

1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

The implementation of the AFD's strategic orientation plan in our regions of intervention expresses itself through a "regional/ country framework of intervention" (cadre d'intervention pays). This framework designate a 5-years operational plan based on our strategic orientation plan and on the country/ region's own specificities and context. Based on the various specificities of each country/ region, we define how we should adapt our operational approach to conciliate our impact objectives with the local context.

Score

1

We maintain our alignment with the specific needs of recipient countries thanks to our robust agency network in 102 countries of intervention over the world, helping us keeping contact with the local needs.

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

As described in the answer to questions 7 and 8, AFD promotes development impact and additionality of individual activities and consistently assess the potential impact of each investment across asset classes. These impact assessment starts with an assessment of a potential investment's alignment with AFD's three core pillars of protecting the planet, fighting inequality, and creating a more sustainable and resilient economy. This pre-scoring is completed in the identification project document, after which a discussion of impact takes place at the project committee. After approval, an investment project document is discussed at the investment committee, including in terms of the potential investment's impact on the key pillars of the current strategy period, along with a qualitative impact rationale for investment.

Score

1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

Yes the development impact framework is reviewed on a regular basis, in particular through the external review planned as part of the Impact Principles membership.

Score

1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

Every project financed by AFD group goes through a standardized and exhaustive process of examination. This process is composed of 3 main phases before the final authorization and validation of the projects. Prior to the two first phases - identification committee (CID) and the Credit Committee (CCR) -, a sustainable development pre-scoring is delivered. The SD scoring was reviewed in January 2024 and the new SD scoring methods are now even more thorough.

Score

1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

AFD's activities are untied since 2002.

Indeed, our mandate and strategy do not include objectives of developing ODA with French companies. During the project construction, identification committee and project committee, projects are assessed on the basis of financial and additionality criteria. No specific criteria require our activities to be tied to a national company. Therefore, if a French or international company meets the expected criterion, additionality and financial considerations will be the sole requirements considered.

In addition, AFD ensures transparent and Open Bidding Processes, as follows:

Open Tenders: Ensure all projects funded through the PSI vehicle are subject to open, competitive bidding processes. This means invitations to tender are publicly available and widely disseminated to ensure broad international participation.

Clear Evaluation Criteria: Clear, objective, and transparent evaluation criteria that focus on project merits, financial viability, and additionality rather than the nationality of the bidding companies.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

The AFD Group's ambition to accompany financial systems is to shift development pathways.

To help build inclusive, sustainable and responsible financial systems, the AFD Group has defined a new strategy of intervention based on 3 priority objectives. 3 objectives around which will be articulated all AFD interventions in the financial sector:

- The first objective, Access, aims at promoting access to an adapted and diversified financial offer;
- The second objective, Transition, intends to encourage the emergence of financial practices that will promote a more sustainable development model;
- The third objective, Consolidation, will focus on strengthening the architecture of the financial system to ensure its stability. It will

notably aim at consolidating the foundations of the institutional and regulatory framework in which the financial actors operate.

On one side, the AFD Group's approach proposes to work with financial actors who wish to play a pioneering role in the emergence of a new model of sustainable finance, by accompanying the structuring of a pilot financial offer for sectors or investments with a strong economic, social and environmental impact (housing, clean energy, agriculture, etc.)

On the other side, the AFD Group's approach proposes to accompany the transformation of financial actors to ensure the mainstreaming of sustainable financial practice, by supporting financial institutions that wish to revise their own strategy, modify their governance or adapt their commercial and risk management policies to ensure the financing of more sustainable business models, by accompanying any regulatory evolution of a "systemic" nature which would favor the transformation of financial actors' practices

Also, AFD contributes to the change of financing practices by combining financial support and technical assistance: the AFD Group has been pioneer in blending operations for the benefit of financial players. These operations allow to act concomitantly through various tools and incentives to bring out new markets and support the positioning of financial institutions in these markets.

In addition, AFD ensures transparent and Open Bidding Processes, as explained in question 17.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

AFD does not promote neither prevent counterparties to work with European or French companies. The clients use their own process to select their suppliers or partners. AFD encourages its clients to do international or local tenders for services or works.

In addition, AFD ensures transparent and Open Bidding Processes, as explained in question 17.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

As explained in questions 7 and 8, AFD applies requirements for additionality of all its activities, thereby ensuring the PSI vehicle harmoniously within existing market dynamics. To recall, these requirements are addressed through :

- Intervention only in areas where there are clear market failures and deficiencies; avoiding market distortion.
- Funding of operations that could not proceed without its intervention. Particularly, regarding sectors where its added value is extra-financial.
- Promotion of partnerships and co-financing models with private sector institutions, ensuring a complementary role.
- Eligibility criteria, evaluation framework and detailed reporting requirement.
- Ongoing evaluations and regular market assessment ensure that interventions remain relevant and justified

Score

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

As broadly explained in question 7, ongoing evaluations and regular market assessment are in place in AFD in order to ensure that interventions remain relevant and justified.

Score

1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

The economic and commercial sustainability of a project and of our financing are analyzed by the risk department of AFD. The Finance department also recommends the pricing based on internal costs of funding and risks. Blending has to be justified according to the donor criteria (French government and the European Commission for example)

Score

1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

As described in questions 7 and 8, AFD is led by strategy (2023-2027 strategy), for which the additionality framework and mechanisms are reviewed and kept up to date.	Score 1
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

As explained in questions 7 and 8, AFD assesses the additionality of all its investments on both an ex-ante basis, and as part of its monitoring processes throughout the investment lifetime.	Score 1
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

No collaboration with national export credit agencies.
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France: Société de Participation et de Promotion de la Coopération Économique (Proparco)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Société de Participation et de Promotion de la Coopération Économique, Proparco, established in 1977.

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

100% of our activity is implemented in geographies listed in the DAC ODA-eligible list of countries.
New capital increase in 2023: 100% of this new capital increase will be used to finance project in countries listed in the DAC list of eligible countries (i.e., ODA mandate)

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	d) 4 524 M€ on 2021 – 2023 e) Same f) Same	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

Our activity is ODA-oriented in DAC list countries. Non-DAC countries disbursements are almost null (i.e. a minor percentage of disbursements are encompassed under a few multi-country initiatives which benefit countries outside the DAC list).

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Non applicable.

Governance bodies are in place to ensure the right monitoring of the project.

When investing in multiple-country-vehicles, we ensure that funds benefitting ODA-eligible countries are at least equivalent to Proparco's investment part in the vehicle.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Proparco does not provide funds to official-sector entities.

6. For information, if relevant, please describe the nature of finance provided in support of non-ODA-eligible activities.

Proparco does not support non-ODA-eligible activities.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

Yes – statutes of Proparco express that the development of the private sector of DAC-list countries is the main objective of Proparco.
The 2023-2027 Strategic paper approved by the Board reaffirmed Proparco's raison d'être as an impact-driven PSI vehicle, with a special focus on the three following fields: acting for a more sustainable and resilient economy, acting for the planet and acting for greater equality.

Score
1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

Yes – Our Board is composed of 12 to 16 members, among which two members represent the French government, respectively the Ministry of Foreign affairs and the Ministry of Economy. As a subsidiary company of AFD, which is a public institution (EPIC), Proparco follows the objectives of the government in development purposes. The government is also represented by a "Government Commissioner" attending every Board session and playing a consultative function. His role is to represent the government in light of the strategic orientations of Proparco.

In this matter, the 2023 "Comité interministériel de la coopération internationale et du développement" (CICID) defined the AFD and Proparco as the main actors in the governmental strategy for development purposes. In light of the key priorities defined by the CICID such as climate and environmental action, gender equality or reducing poverty, the AFD group translates such priorities in its Strategic Orientation Plan.

Score
1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

• According to its mandate, Proparco must be 'additional' on each investment; due diligence involves an assessment of each project's alignment to this mandate, documented in financial proposals. Proparco outlines its expected financial and non-financial contribution to the impact of each investment ex-ante; the organization also works with clients throughout the

Score
1

appraisal period to identify areas for further support.

- Proparco's unique financial contribution comes from blending concessional and private financial resources; the organization mobilises funds from international bodies including the EU and the Green Climate Fund, and increasingly utilizes resources allocated by the French government.

- Proparco's non-financial contribution comes from its extensive technical assistance (TA) offering - "PROPULSE" - through which it provides tailored support to clients across a range of sectors on topics of E&S, management & organisation, governance, climate & biodiversity, innovation, accessibility, and inclusion. The specific nature of TA provided varies based on clients' needs; PROPULSE places a particular emphasis on climate change (in line with Proparco's "Pro-Climate" approach), gender equality and innovation."

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<ul style="list-style-type: none"> • Proparco's 2023-2027 strategy clearly identifies three overarching impact goals, framed as 'pillars' - protecting the planet, fighting inequality, and creating a more sustainable and resilient economy. The strategy is aligned to the high-level development priorities of the French government and AFD group, and places a particular emphasis on impact in LDCs, particularly on the African continent. • Proparco has developed detailed impact sheets for eighteen sectors (e.g., sanitation, cement, renewables), and is in the process of making updates to ensure alignment with the new strategy. These documents capture the primary challenges and opportunities in each sector, including an analysis of Proparco's potential contribution and detailed impact (inputs, outputs and outcomes) that map to the SDGs. They also include bibliographies, citing sources for sector-specific details in each document. • Proparco takes a consistent approach in assessing the potential impact of each investment across asset classes. Impact assessment begins with an assessment of a potential investment's alignment with Proparco's three core pillars of economy, planet, and inequality. Sustainable Development (SD) pre-scoring is completed in the identification stage of the project, after which a discussion regarding impact takes place at the project committee. After approval, an investment project document is discussed at the investment committee. • Impact ex-ante assessment templates are prepared consistently across sectors, setting out key impact indicators and the Sustainable Development rating. The document presented to the investment committee includes an assessment of each potential investment's impact on the key pillars of the current strategy period, along with a qualitative impact rationale for investment. • Impact indicators are aligned with HIPS0 and IRIS+; Proparco also draws on the Joint Impact Model and 2x indicators where relevant. Investment documentation includes a description of the size of the challenge that is being addressed with each investment, and the scale of the solution offered by each client. 	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
<p>Every three years, the government and AFD group establish a "Contrat d'objectifs et de moyens" (COM). The 2020-2022 contract formulates 47 clear annual quantitative objectives in various themes, such as the safeguard of the financial health of the group and its entities as well as ODA targets, but more importantly qualitative objectives regarding the Group's ODA impacts in the key development aid priorities defined by the CICID.</p> <p>A high level of accountability from AFD is provided for in the COM. At the end of each year, the group must report to the Ministry of Economy, the Ministry of Foreign Affairs, the Ministry of Over-Sea territories and to the Board its results on each objective set by the COM.</p>	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

<p>The latest report (January 2024) indicates that the shareholding structure of Proparco is largely dominated by AFD, detaining 84,79% of the shares. Other French financial institutions detain capital such as Bpifrance (3,17%), BNP Paribas (1,49%), 3 other actors detaining less than 1% of the capital.</p> <p>International financial institutions account for 7,39% of the shares. They are all from AFD-group partner countries (Latin America and Africa). The biggest shareholders are DBSA (2,35%), the CAF (1,82%), Bank of Africa-BMCE Group (1,49%) and AKFED (0,9%).</p> <p>Investors represent 1% of the shares, the biggest of them is ENGIE (0,6%). Funds and ethic foundations represent 0,53% of the capital shares.</p> <p>More details can be found here: Répartition du capital de Proparco Proparco - Groupe Agence Française de Développement</p> <p>By opening the shareholding structure to new shareholders, the ambition is to enlarge the origins and profiles of shareholders, notably from the private sector and the South. These actors provide various inputs to reach a common objective of sustainable development and achieve</p>
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the SDGs. They occupy key roles in the governance of Proparco and are part of the Board.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

Shareholders do receive dividends.

The 2023 dividends have not been extended yet. In 2022, no dividends were distributed because our net result was negative (-37,3 MEUR). In 2021, Proparco distributed 25,9 MEUR of dividends to its shareholders, corresponding to 35% of the year's net result.

As the main shareholder is AFD, we can assume that the dividends were used to finance development in ODA.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

Yes, every transaction goes through a preliminary phase of assessment of the impact and additionalities of the project. Each project must be in line with at least one of Proparco's impact goals: i) build a sustainable and resilient economy, ii) combat climate change, iii) reduce inequalities.

Score

1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

The implementation of the AFD's strategic orientation plan in its regions of intervention is part of a "regional/ country framework of intervention" (cadre d'intervention pays). This framework defines a 5-year operational plan based on the Group's strategic orientation plan and on the country/region's own specificities and context. Based on the various specificities of each country/ region, the country framework defines how the Group's operational approach should be adapted to conciliate impact objectives and the local context's needs and constraints.

Proparco ensures its alignment with the specific needs of recipient countries thanks to a robust agency network in 24 countries of intervention over the world, which is key to understanding challenges on the ground and local needs.

Proparco does not interact directly with the country's public authorities on a regular basis. This interaction is carried out by AFD (which can cover the issues of the group's various entities if necessary);

Proparco is required to interact with the country's public authorities in the case of (i) certain financing projects (with government intervention, e.g. in the case of a public off taker) and/or (ii) private sector development strategies in certain areas under the impetus of the public authorities.

Furthermore, the Group's strategy (including Proparco's) is aligned with the country's needs and challenges through the Country Intervention Frameworks as mentioned before. If there is a strong focus on the private sector, the Proparco team could be involved in specific meetings/dialogues.

Score

1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

Please refer to question 7 and 8.

As described in the answer to question 8, Proparco's 2023-2027 strategic objectives ultimately aim at contributing to achieving the SDGs. In 2023, and following a recommendation formulated by BlueMark in its 2023 independent verification of Proparco's alignment with the Operating Principles for Impact Management, Proparco developed and published its impact thesis⁷. It clarifies its logic of intervention to strengthen the contribution of private actors in achieving the SDGs. In the form of a diagram, it details the linkages between the resources/inputs offered, the players who benefit from them and the activities supported, the outputs measured as part of Proparco's 2023-2027 strategy and the expected outcomes/impacts on development to which these outputs contribute, in line with the priorities defined in the strategy.

Score

1

⁷ <https://www.proparco.fr/en/ressources/proparcos-impact-thesis>

Each strategic objective is associated with strategic steering indicators with quantitative targets (shown in the Impact thesis) to be reached annually or on a multi-year basis.

In order to maximise development impacts, Proparco's strategy is underpinned by:

- Three differentiated approaches for adapting Proparco's financing solutions to the specific needs of our clients, taking into account the complexity and reality on the ground, and one lever for action:
 - **Enabling:** Intensifying Proparco's pioneering efforts to support the emergence of new markets and new players, financing innovation, testing new business models and making a more meaningful contribution in fragile environments.
 - **Strengthening:** Enhancing impacts. As such, technical assistance is offered to Proparco's clients on a more systematic basis, in order to further support the generation of positive impacts, particularly in terms of planet protection and reduction of inequalities.
 - **Amplifying:** Working further with Proparco's clients over the long term in order to maximise their impact on sustainable and inclusive growth, thanks to a multi-annual partnership providing clients with expertise, networks, human resources and funding.

Note – Proparco's strategic roadmap sets target allocation of annual new business to each of these approaches.

- And one lever for action, **Mobilising:** Leveraging private finance in order to enable, strengthen and amplify projects with positive impacts and thus further contribute to achieving the Sustainable Development Goals (SDGs).
- Proparco's strategy places a special emphasis on impacts. Impacts are identified and analysed at all stages of Proparco's relationship with its partners: from the outset in project identification phase using the Sustainable Development scoring tool (see answer to questions 23 and 24), in the project execution phase and through the monitoring of actual impacts.

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

Yes, the development impact framework is reviewed on a regular basis, in particular through the external review planned as part of the Impact Principles membership. Please see thereafter the latest statement issued by the Verifier mid 2023: <https://www.proparco.fr/en/ressources/2023-verifier-statement>. This goes together with a more detailed review of Proparco's impact framework with recommendations for further improvement when relevant.

In addition, Proparco's impact framework is adapted on an ongoing basis to be consistent with the AFD group's framework and the development objectives set by Proparco's board as well as Proparco's ultimate shareholder, the French government.

Score

1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

Every project financed by AFD group goes through a standardized and exhaustive process of examination. This process is composed of 3 main phases before the final authorization and validation of the projects. Prior to the two first phases - identification committee (CID) and the Project Committee (COPRO) -, a sustainable development (SD) pre-scoring is delivered. The SD scorings have been reviewed in January 2024 and the new SD scoring methods are now even more thorough. More details can be found here: [Les grilles d'analyse de développement durable | AFD - Agence Française de Développement](#)

Score

1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Proparco's activities are untied since 2002. In that perspective, Proparco does work with local companies

Proparco's mandate and strategy does not include any objective of developing ODA with French companies. During the project construction, identification committee and project committee, projects are assessed on the basis of financial and additionality criteria. No specific criteria require activities to be tied to a national company. Therefore, if a French or an international company meets the expected criterion, additionality and financial considerations will be the sole requirements considered.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

One of Proparco's 3 key targets in its strategy is to act for a more resilient and sustainable economy in the African continent and priority countries. In this respect, SMEs and self-employed entrepreneurs in corresponding DAC-list countries are Proparco's main targets. Proparco is working with intermediaries (generally funds or banks) to reach numerous small-size actors (small businesses) who, otherwise, would not have been reached directly (see details below).

Other reasons for channeling investments through intermediaries in donor or third countries are mainly regulatory or legal reasons i.e. robust regulatory environment, legal framework and cash / convertibility mechanisms.

Beyond the outreach to final beneficiaries such as micro entrepreneurs and SMEs, there is a strong rationale for a development finance institution to support the local financial systems. Through its financings, Proparco contributes to making local financial intermediaries stronger (for example by reinforcing their capital base or by providing credit lines with longer maturities so that local FI can match their asset base), more resilient (in particular by providing risk sharing products to them in order to alleviate part of the exposure that they take on specific categories of clients) and better prepared to potential threats to their businesses (for example by working on technical assistance programs that contribute to building capacity within the local FI regarding climate risk screening). Thanks to all of this, local FIs are in a better position to play a stronger role in financing real economy in their local market, thereby fostering economic activity and job creation, thereby promoting countries' development.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

Proparco does not promote neither prevent counterparties to work with European or French companies. The clients use their own process to select their suppliers or partners. Proparco encourages its clients to do international or local tenders for services or works.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

	Score
<p>Proparco's mandate includes being additional as a pre-requisite for any investment to be conducted. Its operations focus on areas where its assistance is most needed and where it has the highest added value, particularly in terms of nonfinancial assistance. Proparco's additionality is questioned during the origination phase and is a condition for any deal to be investigated further.</p> <p>For each investment, expected impact and environmental & social diligences are conducted alongside financial, legal or risk diligences. The impact rationale for the investment, including Proparco's contribution to the achievement of the impact, is documented through the results measurement framework. Proparco's value creation plan and associated deployed means (E&S advisory, climate action plans, Technical Assistance ("TA"), Governance action plans, etc.) are described in the project documentation presented to the Investment Committee and inform the final decision.</p> <p>Benefiting to all clients whose operations have expected unlocking effects on impact, Proparco keeps on developing and diversifying its range of support in order to increase the impact of its clients' operations. This involves deploying TA projects and mobilising delegated financing from several sources external to Proparco – notably from the European Commission and the Green Climate Fund – combined with its own instruments according to blending methods. The use of these concessional funds and grant resources from Agence Française de Développement ("AFD") and the French Government, blended with market instruments, enables Proparco to diversify and tailor its instruments to the needs and level of risks of companies, while maximizing the impact of its action. Deployment of a range of instruments with strong leverage effect on private finance mobilisation such as equity and guarantees is another opportunity for Proparco to contribute further to supporting its clients on building their strategies towards impact achievement.</p> <p>Also, as the need to mobilise private resources is at the heart of discussions around how to finance the SDGs, as per our 2023-2027 strategy Proparco has adopted a new "Mobilising" approach aiming at amplifying its catalytic role in leveraging private finance towards Proparco's partner countries and priority themes. Three priorities have been defined in this regard:</p> <ul style="list-style-type: none"> • Supporting structuring and market innovation, • Using risk transfer mechanisms, and • Positioning Proparco as an anchor investor, in particular thanks to blended finance mechanism. <p>This approach is associated with a strategic steering indicator which are tracked, in addition to OECD and MDB reporting on private finance mobilisation.</p>	1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

	Score
<p>The contribution that Proparco's financing are expected to make to local development is central to Proparco's investment approach. Upon identification and appraisal phases, the positive contributions of each financing to biodiversity, climate mitigation, climate adaptation, social, gender, economy and governance dimensions of sustainable development are assessed through project Sustainable Development scoring tool.</p> <p>The Sustainable Development scoring tool structures the analysis of the types of impacts that the financing can generate by assessing the positive contributions of projects to sustainable development, while applying a "do not harm" approach. An ex ante score (from -</p>	1

2 to +3) is assigned for each of the seven dimensions of sustainable development (biodiversity, climate mitigation, climate adaptation, social, gender, economy and governance). The result is reflected in a score graph included in the project identification/appraisal documents.

In order to facilitate the selection of financing based on their impact ambitions from the deal origination stage, sector-specific impact manuals are available for 20 different sectors in which Proparco invests. These sector-specific impact manuals are developed and updated by the Impact division in close collaboration with the front office teams. These manuals are intended for investment officers and regional offices, particularly during the project identification and assessment phases. They enable a quicker and more coherent understanding of the potential impacts of projects, as well as the identification of additional impacts that may be pursued with the project. Every impact manual offers project typologies that contribute to Proparco's strategic objectives, a sector impact thesis linked to these same three strategic objectives, and assistance with Sustainable Development scoring across all its dimensions. They also enable to improve prospective knowledge of impacts by sector and type of operation.

The likelihood of achieving the investment's impact, although not measured as such today, is of particular importance and is maximized by Proparco's participation in the governance bodies of equity-funded actors and by Proparco' technical assistance services:

- Through its participation in governance bodies or via its shareholder rights, Proparco can influence the company's strategic decisions and ensure that the directions taken are in line with ESG best practices and with development impact objectives.
- PROPULSE, Proparco's technical assistance offer, aims to provide expertise and know-how tailored to Proparco clients' needs in order to generate more positive impacts on development. These projects allow Proparco to closely monitor the achievement of specific actions contributing to some of the strategic impacts, especially related to climate or gender.
- The monitoring of the results achieved by the financed projects, reinforced since 2019, demonstrates that the results achieved are overall in line with the ex ante estimates.

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

The economic and commercial sustainability of a project and of our financing are analyzed by the risk department of Proparco. The Finance department also recommends the pricing based on internal costs of funding and risks. Blending has to be justified according to the donor criteria (French government and the European Commission)

Score

1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Please refer to questions 7 and 8.

In order to strengthen the integration of sustainable development objectives in Proparco financing operations, Proparco introduced in 2023 the Sustainable Development scoring tool. The latter is structured around three pillars – which are aligned with Proparco's three strategic objectives, and seven dimensions of sustainable development. Each financing is analysed through the Sustainable Development scoring tool (see answer to question 21), and the measurement of Proparco's additionality is a key element of the SD scoring tool (the level obtained for each positive grade is directly related to ingredients of financial or non financial additionality).

The introduction of this new scoring tool, which is derived from the one in use at AFD since almost 10 years, followed a process where Proparco decided to change its impact measurement tool and reviewed several options in the process. Regular updates on the tool are planned, in accordance with AFD practices.

Score

1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

For ex ante assessment, please see above, in particular reference to the sustainable development scoring tool.

In addition, the elements below explain the monitoring work performed during investment lifetime

- Proparco collects annually the necessary data from its clients to monitor the impact indicators (the obligation to provide impact data annually is incorporated in each client's legal documentation). Proparco's Impact team continuously works on harmonizing and simplifying indicators to be monitored in order to improve the quantity and quality of data collected .
- Beyond meeting its commitments to transparency and accountability, the annual monitoring of impact indicators allows for comparing the ex ante estimates of impact indicators with the data collected during project implementation.
- In 2023, Proparco monitored the impacts achieved at the end of 2022 by 312 projects signed between 2017 and 2021 (portfolio of EUR 5.3 billion) in terms of jobs supported, new or improved access to essential goods or services, gender equality and tons of CO2e avoided per year. Similar to the exercises conducted in 2022, 2021, 2020 and 2019, 2023 monitoring results appear relatively close to ex ante forecasts. A summary of the results is presented in the "2023 Impact

Score

1

- report".
- Proparco’s philosophy is to advise and support its clients in the long run for them to align with international best practices and be more impactful. For instance, if the intended contractual initial commitments (e.g. environmental and social of corporate governance action plans) are not successfully implemented by the client, Proparco tries to identify the root causes and, in some specific cases, may discuss financial and non-financial assistance (technical assistance) in order to support the client in improving its practices and thus maximize the potential of the project.
- Proparco also uses ad hoc projects ex post evaluations to improve its operational and strategic investment decisions, as well as processes.

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

No collaboration with national export credit agencies.

France: STOA Infra & Energy (STOA)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

STOA INFRA & ENERGY, STOA, 2017

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

NA

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	In the past three years, STOA has allocated 257 million € to invest in countries that are Cameroon, India, Burkina Faso, Malawi, Kenya, Morocco, Pakistan, Brazil, Dominican Republic, Gabon, South Africa, Nigeria, Uganda, Rwanda, Sierra Leone	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

STOA conducts a thorough analysis of accounting and operating figures by itself and through consulting firms. In addition, STOA conducts sustained monitoring of the subsidiaries and their activities. This ensures that the money allocated to projects is only and specifically dedicated

to their construction and perennity.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Yes, see previous answer.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

NA

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

NA

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

STOA, as an impact investor in large-scale infrastructure and energy projects, is focused on supporting sustainable growth in emerging and developing economies. STOA's complete set of investment portfolios was created to provide renewable energy, transportation, telecommunication, and social infrastructure for future generations in Africa, Latin America, and Asia. In this sense, STOA's mission revolves around three fundamental principles guiding its commitment: i) finance sustainable and resilient infrastructure, ii) support positive impact for future generations, and iii) provide exemplary and long-term support to its partners.

Score

1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

STOA was created by AFD, the French Public Agency for Development and CDC (Caisse des Dépôts), the government-mandated public financial institution, but functions as a private corporation with a board of directors and sub-committees reporting to the board. Neither AFD nor CDC guarantee the operational and financial performance of STOA, who targets market IRR like any private investor. The French government has also observer board seats, with no casting vote, with one representative from the Foreign Affairs Ministry and the of from the French Treasury. The French public administration supports the PSI vehicle in its endeavours towards development.

Score

1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

STOA aims to provide additionality in three different methods: 1/ Financial additionality, 2/ Private capital additionality, and 3/ Extra-Financial additionality. The PSI vehicle's mandates, therefore, through its extra financial additionality method, ensure that non-market distortions caused by the private sector can be mitigated through ESG reporting and comprehensive analysis of all factors that could damage communities due to infrastructure projects. The PSI also ensures that most of the projects it invests in are bound to provide market yield and are before all financially self-sustainable.

Score

1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

STOA conducts frequent E&S assessments to ensure the projects have positive impacts. Moreover, based on its equity investments, the PSI vehicle is focused on creating value for communities through infrastructure development and partakes in strategic planning during Board Meetings to guarantee steady efforts in development.

Score

1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

As the AFD and CDC own STOA, their board members are active in the definition and review of STOA's development strategy, provide guidelines in the investment policy and decisions. The same applies for ESG matters.

Score

1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

The French CDC (Caisse des depots et des consignations) holds 66,6 % of the PSI and the AFD holds 33,3%.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

The PSI vehicle has already received the product of sale of assets, including capital gains, its shareholders have agreed to recycle to invest in new infrastructures.

Moving forward, the payment of dividends, interest rate and repayment of shareholders loans as well as sale of participations should be used for reinvestment in new assets till 2028-2029.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

According to STOA's investment strategy: "STOA will build on the priority transitions of both AFD and CDC, including energy and green transitions. The identified sectors that will represent the bulk of the portfolio are transport and energy (including renewables), water and sanitation, waste treatment, spatial planning, telecoms and digital infrastructure, and to a lesser extent, health and education. STOA will invest in projects that are technically and economically justified and that are part of a coherent sectoral policy".

In addition to this economic development component, and in order to support sustainable development and welfare in developing countries, the investment strategy mentions that "STOA will follow the policies, procedures, frameworks related to Environment and Social, Impact, Climate, Biodiversity, Resilience and Adaptation to Climate Change that it has developed".

Score

1

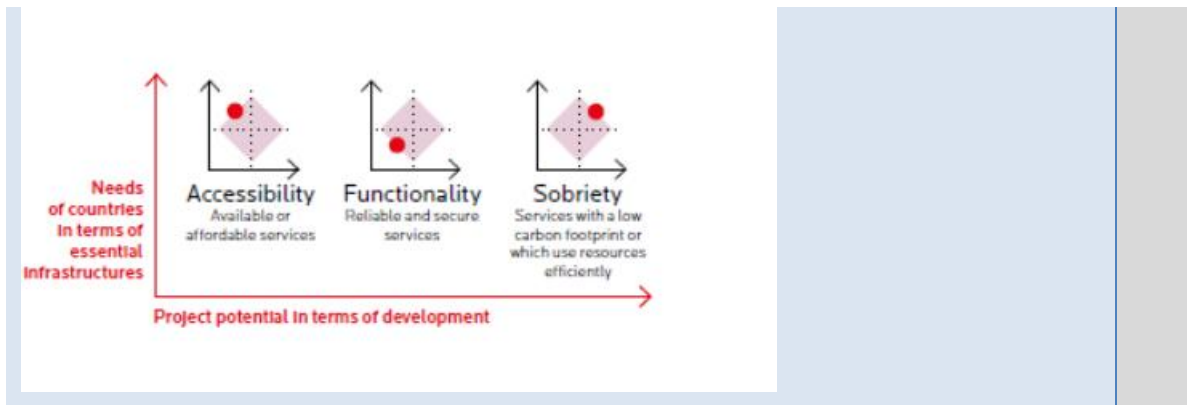
13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

STOA aims to "meet people's needs for essential infrastructure in emerging markets". Meeting these needs means providing people with accessible, functional, and clean infrastructure. As part of our Impact Framework, we have developed a tool based on three criteria (tool in use since 2020): i) Accessibility: will the financed infrastructure provide an available or affordable service? ii) functionality: will the service be reliable and secure? iii) sobriety: will it have a low carbon footprint? All those three criteria are assessed project by project and scored depending on the needs of the individual recipient country.

An example of impact assessment scoring is provided on the graph below.

Score

1



14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

<p>The Impact Framework described above is used to assess all projects before investment decision. In 2023, 67% of our projects were high-impact investments.</p> <p>STOA has been one of the first (among 54 other investors) signatories to the Operating Principles for Impact Management “Impact Principles”) since their launch by the IFC in April 2019. More information on STOA’s alignment with the Impact Principles is available in the STOA Disclosure Statement (2024): see link here.</p>	<p>Score</p> <p>1</p>
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15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

<p>STOA’s Impact Framework was developed in 2020 and is currently under review (2024) in order to integrate new indicators and new sectors, but also to add a Gender component.</p>	<p>Score</p> <p>1</p>
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16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

<p>The Impact Framework described above is used to assess all projects before investment decisions (ex-ante). The impact score is calculated based on (i) the country needs and (ii) the intrinsic project potential. These are assessed across the three outcomes areas of STOA’s impact strategy: accessible, functional, and clean, with a number of indicators. A project impact score is calculated as indicated on the graph below (score 0 to 3) and a project is considered as having a high impact if it scores above 2.</p> <p>Project impact score The impact score below is determined based on the country needs (vertical axis) and the intrinsic project potential as provided in the input sheet (horizontal axis).</p> <table border="1" style="display: inline-table; margin-right: 20px;"> <tr> <td>Country need</td> <td>Accessible</td> <td>Functional</td> <td>Clean</td> </tr> <tr> <td>High</td> <td>3</td> <td>3</td> <td>1</td> </tr> <tr> <td>Low</td> <td>0</td> <td>1</td> <td></td> </tr> <tr> <td></td> <td>Low</td> <td>High</td> <td></td> </tr> </table> <p>Project potential</p> <p>Partial score: (excludes Clean) 3,0 / 3</p> <p>Total score: 2,3 / 3</p>	Country need	Accessible	Functional	Clean	High	3	3	1	Low	0	1			Low	High		<p>Score</p> <p>1</p>
Country need	Accessible	Functional	Clean														
High	3	3	1														
Low	0	1															
	Low	High															

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Our core activity is to invest as active minority investor straight equity and quasi equity instruments (through shareholders’ loan, convertible or mezzanine for example) in corporations (FTTx like MetroFibre, health like Oncorad, logistics like BLS), investment platforms (gathering several individual projects developed by a dedicated team – Redrocket, JCM Power, Serengeti, Candi Solar, MIHIA for example) in a specific sector (large or small scale IPPs, C&I for example) or through a special purpose vehicle supporting a single investment developed under a PPP, concession or PPA (Nachtigal in Cameroon, Metro Line 6 in Sao Paulo, NOIP in Gabon). Our decision-making process is based on both

risk return (Equity IRR target aligned with the investment risk profile) on the one hand and the impact our individual investment provides to countries in which we invest (being only part of the Development Aid Committee list), i.e. essential services for local industries/ operators or population (access to energy, to digital/ fibre, high level healthcare services (oncology, radiotherapy, surgery, ...)). All companies we invest in have local activities in third countries. Our investments are done directly in countries or through intermediary holdings supporting direct activities in Africa, Latin America or Asia.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

See answer to Q 17. We are not investing through intermediaries such as fund managers, only investments directly in countries or through intermediary holdings supporting ultimate investments in Southern hemisphere countries.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

Our investments involve a very diverse set of partners (international, regional, and local players, both industrial and financial parties). We have no tied investment policy/ tool and decision-making process is done by our board of directors on the merits of the investment (risk reward and impact), at the recommendation of STOA management team and with always the aim to align with company's interest and annual and long-term objectives.

Our partners include among others European operators (EDF, Acciona, Voltalia for example), IFC, fund managers (AIIM, Africa50, Inspired Evolution, AP Moller), Development Financial Institutions (in Europe and US mainly), founders or development teams based in Morocco, Mauritius, Switzerland, India, South Africa, Dominican Republic

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

<p>STOA is an additional impact fund, meaning it makes a unique financial and extra-financial contribution to its infrastructure projects. STOA seeks to multiply the benefits of its investments, whether they are economic, social, or environmental. This involves promoting high standards on environmental, social, and governance issues (ESG) and in terms of business integrity. Beyond our mandate for long-term investments and our active role in the companies in which we invest, STOA is an additional impact investor that creates added value through its intentionality and internal expertise.</p> <p>In 2020, we built a framework to identify our added value in a formal and systematic manner. The framework is composed of three elements: i) Financial additionality: STOA can contribute capital where other actors would not. ii) Additionality in the mobilisation of private capital: STOA acts as a catalyst and contributes to projects' appeal by unlocking private capital from other actors. iii) Extra-financial additionality: STOA supports projects by improving their socioeconomic impact, ensuring robust ESG risk management, implementing more rigorous ethics and compliance policies, and/or creating a better project structure in the development phase.</p>	<p>Score</p> <p>1</p>
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21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

<p>The PSI vehicle's financial returns expectations are in line with the market and, therefore, do not induce market distortions.</p>	<p>Score</p> <p>1</p>
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22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

<p>The PSI vehicle assesses commercial sustainability through thorough analysis, in collaboration with consulting companies, for the financial, commercial, and technical supervision of projects, to ensure their validity and sustainability.</p>	<p>Score</p> <p>1</p>
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23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

<p>The PSI constructs a report every semester with a financial analysis of each participation, IRR calculation, recent updates that assess the main risks and evolutions regarding each investment, and E&S analysis. This information is compiled and presented in a</p>	<p>Score</p> <p>1</p>
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document that is reviewed to maintain every participation within an additionality framework.

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Yes, the PSI is endowed with an additionality framework and makes sure during the investment phase that each of its investments is in line with such framework (please refer to questions 13 and 16). During the investment lifetime, the PSI actively follows the activity of its investees to make sure that they perform according to the assessment made ex-ante and the business plan agreed upon before the investment.

Score

1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

NA

Finland: Finnish Fund for Industrial Cooperation Ltd. (Finnfund)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Full official name of the institution: Finnish Fund for Industrial Cooperation Ltd.

Official abbreviation: Finnfund

Year the institution was created: started operations in 1980

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

Not applied for Finnfund

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	ODA-equity investments, 3 year average: 60.1 million EUR / year OOF-loans, 3 year average: 80.4 million EUR / year	
Other		

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

Finnfund has in its financing agreement with the financed company a Use of Proceeds-clause which states that the financing can not be allocated to countries or sectors which do not comply with Finnfund's investments policy.

When investing through funds, it is essential that the funds are well governed and managed. Before investing, Finnfund examines, for

example, the fund managers' competence and experience, and their funds' investment strategies and policies. We seek to ensure that fund managers' values and their funds' principles and policies are aligned with Finnfund's requirements. Finnfund participates in the governance of the funds in which it invests (e.g., as a member of a fund's Limited Partner Advisory Committee, LPAC) to ensure the proper governance of the funds, including the efficient and effective execution of the funds' investment and impact strategies. Transparency is one of Finnfund's key tenets, and Finnfund's fund investments are required to provide comprehensive information on their investments, including information on taxes paid annually. Further, Finnfund has an opt-out right in all Private Equity Funds if an individual investment does not comply with Finnfund's investment policy, including investments in ODA-non-eligible countries.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Finnfund started its operations in 1980

- 5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Finnfund is a state-owned special purpose company. Its specific task is based on development policy, and this task is carried out by the Company through means of financing directed **only** at private companies. In accordance with its mission, Finnfund only finances commercially viable projects that have a positive development impact in the country where the financed companies operate.

- 6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Finnfund provides OOF-financing to private companies in developing countries. The provided OOF-financing is done through loans and mezzanine-instruments which do not meet the Grant Equivalent threshold.

B. Mandate, mission and ownership

- 7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

<p>Finnfund's main statutes are the Finnfund Act and Articles of Association that states the purpose of the existence of Finnfund and define the framework and the mandate for the company and its operations.</p> <p>Finnfund's reason for existence is to provide financing for private companies in developing countries in order to improve peoples' lives and foster sustainable development. More specifically, its core mandate is as follows:</p> <p>"The Company shall promote the economic and social development of countries which the OECD has classified as developing countries by directing human and material resources to the development of the industrial and other economic corporate activity of these countries. The purpose of the Company is not to generate a profit for the shareholders." (Finnfund Act, 1979)</p>	<p>Score</p> <p>1</p>
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- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

<p>Finnfund is a 99,93 % state owned limited liability company that is governed by its own Board of Directors. As major shareholder the state appoints the Board members but does it following the generally accepted corporate governance principles. The Ministry for Foreign Affairs also steers Finnfund by issuing an Ownership Steering Memorandum that contains general guidance but also certain indicators that are used to measure Finnfund's performance. The indicators either steer the investments (like share of investment in the poorer countries, specific industries or share of investments with good or excellent development impact), measure the impacts achieved (like number of jobs created, amount of tax income of client companies etc.) or measure the self-sustainability (like Return on Equity or cost/income ratio).</p>	<p>Score</p> <p>1</p>
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- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

<p>The European Union has granted Finnfund a permanent exclusion, according to which, Finnfund is not a credit institution according to the EU Directive. To be eligible for the permanent exclusion, Finnfund is not allowed to compete with</p>	<p>Score</p> <p>1</p>
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commercial financiers. Therefore, not causing market distortion is one of the key rules of Finnfund's operations.

According to Finnfund's statutes, Finnfund needs to be self-sustaining. Finnfund finances its operational expenses with the profit from its operations. Rest of the profit as well as repayments from the projects are reinvested in the developing countries according to the mandate.

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<p>The starting point for Finnfund's impact assessments are theories of change which we have developed for our main industry sectors renewable energy, sustainable forestry, sustainable agriculture, digital infrastructure, and financial institutions.</p> <p>The theories of change help us assess not only the direct and indirect impacts of the funded company's operations but also their broader social impacts and contribution to the SDGs. Our key tool for preliminary screening of projects before investment decision is the Development Effect Assessment Tool (DEAT). We have developed it on basis of our Theories of Change. Gender impact is assessed separately through our Gender Impact Assessment Tool.</p> <p>The DEAT assessment focuses on i) investment's strategic relevance, ii) its contribution to the development local markets, and iii) additionality of Finnfund's financing. DEAT score produced by the ex-ante assessment is part of the KPI scorecard. Also, a few other strategic objectives, such as gender impact, also contribute to both individual and organization level KPIs.</p> <p>The indicators we use have been collectively agreed by the international development finance institutions (HIPSO) and they are compatible with the IRIS indicators developed by the Global Impact Investing Network (GIIN).</p>	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
<p>Finnfund is a 99,93 % state owned limited liability company and is governed by its own Board of Directors, which is appointed by the state. The Finnish Ministry for Foreign Affairs steers Finnfund by issuing yearly an Ownership Steering Memorandum that contains general guidance but also certain indicators that are used to measure Finnfund's performance, e.g. financial indicators in the form of share of investments in climate finance and impact indicators like number of jobs created or gender equality.</p>	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

<p>Finnfund's shareholders are the State of Finland (96.04%), Finland's export credit agency Finnvera (3.89%), and the Confederation of Finnish Industries (0.07%).</p>

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

<p>No, distributing dividends is prohibited by the Finnfund Act.</p>
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C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
<p>The only reason for Finnfund's existence and the only goal presented in the Finnfund act is promotion of developing countries' economic and social development. Finnfund's mission defined in the strategy is to create a better world by financing sustainable private projects in the developing countries. The focus industries are picked based on the mission and their ability to create development effects and impact, which are based on sectoral Theories of Change linked to specific SDGs.</p>	1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

Score

<p>Development impacts are always assessed in the recipient country context. Also considering the needs of the recipient country.</p> <p>Our direct beneficiaries, investee companies, are always local businesses in need for financing. We tailor our financing to the needs of each investee. This can be in the form of equity, mezzanine financing, or debt.</p> <p>Our mandate is to enhance socio-economic development in developing countries. Thus we place special emphasis on sectors critical to sustainable development, namely clean energy, sustainable forestry, agricultural financial institutions, and digital infrastructure and solutions.</p> <p>To understand the local context and markets where our potential investees operate, we utilize local consultants, conduct market studies, end-beneficiary surveys and consult with local stakeholders. These include, for example, Finland's embassies in these countries, Team Europe representatives, private sector players, NGOs, as well as our extensive network of other financiers in the markets. In addition, we carefully study available documentation on the national priority sectors including the Nationally Determined Contributions of the country.</p> <p>This information serves two main purposes:</p> <p>First, it helps in comprehending the business plan and evaluating its potential for success in the commercial market.</p> <p>Second, it aids in determining how the investment aligns with and contributes to several broader goals including National Development Priorities, Global or Local Development Challenges, and Finland's Development Policy Objectives.</p> <p>In summary, the information not only helps understand the business and its market potential but also evaluates the broader impact of the investment on national and global development goals, and its alignment with Finland's policy objectives.</p>	1
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14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
<p>The starting point for Finnfund's impact assessments are theories of change which we have developed for our main industry sectors renewable energy, sustainable forestry, sustainable agriculture, digital infrastructure, and financial institutions.</p> <p>The theories of change help us assess not only the direct and indirect impacts of the funded company's operations but also their broader social impacts and contribution to the SDGs. Our key tool for preliminary screening of projects before investment decision is the Development Effect Assessment Tool (DEAT). We have developed it on basis of our Theories of Change. Gender impact is assessed separately through our Gender Impact Assessment Tool.</p> <p>The DEAT assessment focuses on i) investment's strategic relevance, ii) its contribution to the development local markets, and iii) additionality of Finnfund's financing. DEAT score produced by the ex-ante assessment is part of the KPI scorecard. Also, a few other strategic objectives, such as gender impact, also contribute to both individual and organization level KPIs.</p> <p>The indicators we use have been collectively agreed by the international development finance institutions (HIPSO) and they are compatible with the IRIS indicators developed by the Global Impact Investing Network (GIIN).</p>	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
<p>Finnfund is a signature of operating principals of impact management (OPIM) and is annually updating and publicly disclosing its impact management framework. The alignment of the framework with OPIM has also been verified by a third party.</p>	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
<p>Ex-ante DEAT (Development Effect Assessment Tool) assessment is conducted by Finnfund's impact team who is also responsible for monitoring the indicators annually. On the basis of these analyses (DEAT and gender), impact specialists write an impact annex that is made available to Finnfund's decision making bodies, investment committee and Finnfund's board.</p> <p>Impact indicators are monitored annually by Finnfund's impact team. On top of that, Finnfund conducts and commissions more extensive assessments of individual investments and specific industry sectors.</p>	1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Active collaboration with other DFIs and other investors.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

If necessary, financing can be channeled through a holding company located in Finland or in a third country, or a company located outside the target country and having its own operations provided that such operations support only the operations in the target country/-ies.

The use of a holding company must be a justified solution for channeling Finnfund's financing to the target country in an appropriate manner. The use of a holding company may have an advantage, for example, in terms of implementing the exit, obtaining investment protection, raising financing, or using the selected financial instrument. There must be other than tax reasons for the holding structure.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

According to the DAC Recommendation, untying ODA refers to loans or grants which are freely and fully available to finance procurement from substantially all aid recipient countries and from OECD countries. DAC Members which have rules of origin, or minimum national content rules, should take any steps necessary to ensure that ODA untied in accordance with the Recommendation is both de jure and de facto untied.

The Recommendation is as such not designed for private sector operations. According to the Finnfund Act, as a private sector development financing institution, the sole purpose of Finnfund's operations is to promote the economic and social development of developing countries. The tools Finnfund is using are investments in private companies (equity, loans, mezzanine).

Finnfund's investment decisions are made e.g. the investee companies are chosen based on three major investment criteria, that are

1. Development impacts; to be eligible for Finnfund's financing, the project/company to be financed needs to create measurable development effects. Those may be jobs, tax income, market development, decrease in price of goods and services through increased competition, climate related benefits etc.
2. Profitability; in order for the intended development impacts to materialize and be sustainable, it is essential that the company to be financed is profitable enough to exist without continuing financial help from a financier (like Finnfund).
3. Sustainability/responsibility; to be financed by a development financing institution, a company needs to operate in a sustainable and responsible manner and not cause harm to the environment or the society.

In Finnfund's standard investment memorandum, on which decision making is based, all the above-mentioned issues are thoroughly discussed.

Finnfund finances investments that a company makes to increase its business or to make it more effective. Based on the private sector logic, the company must choose the goods it is investing in so that they are fit for purpose. Things considered vary when making the procurement decision but often include e.g. the durability and price of the product. The investment decisions are made by the client/investee companies. It is the common interest of the company and the financier that the choices are made through procedures that minimize risks for fraud and corruption and ensure the best value for money, such as competitive bidding where many alternatives are considered. Apart from insisting on transparent procedures and open competition, Finnfund does not seek to influence the decision making. As defined in the Recommendation of Untying ODA, Finnfund's financing is fully available to finance procurement from all aid recipient and OECD countries. It is not tied to procurement from Finland or from Finnish companies.

In its operations, Finnfund follows the share of the projects where a Finnish company is somehow involved in the project. The involvement may be either through a co-investment with Finnfund or through the Finnish company's role as equipment provider or consultant. There is no targeted level for this share. In the decision-making process or financing contracts, there is no requirement for participation of a Finnish company in the project.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

Finnfund assesses each investment ex-ante for our additionality. Finnfund invests only when its financing can be considered additional. Additionality assessment considers both financial and qualitative characters of additionality.

Score

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

<p>The European Union has granted Finnfund a permanent exclusion, according to which, Finnfund is not a credit institution according to the EU Directive. To be eligible for the permanent exclusion, Finnfund is not allowed to compete with commercial financiers. Therefore, not causing market distortion is one of the key rules of Finnfund's operations.</p>	<p>Score 1</p>
<p>22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.</p>	<p>Score 1</p>
<p>All the projects to be financed go through a strict Due Diligence process. In this process, the financial statements of the project company are analyzed in order to assess the financial viability of the company. The future viability after the investment is also carefully analyzed by creating a financial forecast with different scenarios.</p>	<p>Score 1</p>
<p>23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.</p>	<p>Score 1</p>
<p>Finnfund is a signature of operating principals of impact management (OPIM) and is annually updating and publicly disclosing its impact management framework. The alignment of the framework with OPIM has also been verified by a third party.</p>	<p>Score 1</p>
<p>24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.</p>	<p>Score 1</p>
<p>Finnfund assesses each investment ex-ante for our additionality.</p> <p>Additionality can be financial, providing financing to underserved geographies, sectors, segments, accepting higher risk and providing longer tenors. As a proxy for additionality, Finnfund used a compilation of three indicators addressing different dimensions of additionality, or scarcity of financing. The first proxy is participation of other financiers in the deal, where highest additionality is in investments where Finnfund is the sole financier in addition to the sponsors and lowest when there are plentiful financiers, including private, willing to finance. Second proxy is Domestic credit to private sector as % of GDP. This World Bank indicator refers to financial resources provided to the private sector by financial corporations, such through loans, purchase of non-equity securities, and trade credits and other accounts receivable that establish a claim for repayment. The third proxy for financial additionality is country risk rating managed by Finland's export credit agency Finnvera which is a country-level rating. In addition, each investment includes consideration if Finnfund has had a catalytic role by mobilising additional financing for the project from third parties, which leads to an additional point in scoring.</p> <p>Additionality can also be qualitative, value added through Finnfund's organizational experience with respect to specific sector, country, project type that can contribute in a demonstratable and significant manner to the successful completion and realisation of the project. Examples include expertise and advice in environmental, social or corporate governance issues or in climate change mitigation and adaptation awareness and CO2 calculations and reporting and impact measurement.</p> <p>The assessment of qualitative additionality is conducted as part of the DD process including interviews with the company, field visits and desk top review. Additionality assessment reflects the leverage or role that Finnfund can have in terms of pushing company to close gaps related for example to international sustainability standards, understanding end-user impact, enhancing good governance structures or brining in sector specific knowledge through board members or other expertise. All of these improvements help company better identify and manage risks which in term can help improve predictability and stability of the business and help mitigate risks in advance and thus improve also financial performance.</p>	<p>Score 1</p>
<p>25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.</p>	<p>There is no formal cooperation. Informally, our experts can discuss with their colleagues at Finnvera on issues connected to Human Rights etc. All institutions and players in Finland are part of the so-called Team Finland network which includes for example participating in events directed to the Finnish companies to make them aware of the existing opportunities abroad. In addition, Finnfund meet other national companies regularly in order to tell them about our operations but also to find out what kind of services and products they have to offer.</p>

Germany: German Investment Corporation (DEG)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH; founded in 1962

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

Not applicable

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	4.776 Mio. EUR	0 EUR
Other	291 Mio. EUR	0 EUR

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. Amounts listed under “other” are directed to former ODA recipients like Uruguay, Chile and Turkey. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

Compare question no. 7. The application of the “Gesellschaftsvertrag”, the internal guidelines for DEG’s business activity and thus the proper allocation of financing to ODA recipients is part of the credit processes of DEG. For regional funds which might invest in non ODA-countries carve out clauses (excuse rights) are required.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Not applicable

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Not applicable, no funds to official sector entities. DEG is solely oriented towards private sector entities.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Support of non-ODA countries according to “Gesellschaftsvertrag” article 2, point 3 only for a transitional period, cf. question no. 7.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles’ statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>Yes, the development purpose of DEG is clearly set out in its Memorandum of Association (i.e Gesellschaftsvertrag); in particular article 2, point 2 and 3:</p> <p>(1)...</p> <p>(2) The purpose of the Company is to promote development cooperation.</p> <p>(3) The purpose of the Articles of Association shall be specifically achieved through the promotion of private-sector development within the scope of the German Federal Government’s development policy principles and measures in developing countries and countries fully or partially approved by the Shareholder’s resolution in agreement with the German Federal Government. The latter particularly applies to countries expected to be recognised as developing countries or – for a transitional period – to countries no longer accorded developing country status.</p> <p>DEG’s general objectives and principles are further specified within internal guidelines for DEG’s business activity. Those guidelines <i>inter alia</i> define that developing countries are those countries relevant for reporting made to the Development Assistance Committee (DAC) and to the Organisation for Economic Cooperation and Development (OECD).</p>	1

a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
<p>What today is called DEG is founded as the "German Association for Economic Cooperation" in Cologne on 14 September 1962. The concept was developed by Kai-Uwe von Hassel, Minister President of Schleswig-Holstein at the time, together with Walter Scheel, Germany’s first minister for development aid. Both have already been actively involved in development policy since the 1950s.</p> <p>The idea of the founders: the federal corporation DEG is to support the nations of the "third world", as it is called at the time, in building the private sector. Initially the focus is on Africa. In the beginning, DEG in general focuses on the support of small and medium-sized companies in developing markets. Since then until 2001 DEG has been subordinated to the Federal Ministry for Economic Cooperation and Development. In 2001 DEG was transferred to KfW, an entity owned by the state and the German federal states.</p> <p>These targets have been further developed over time but in general have not changed too much. Today DEG is one of the biggest Development Finance Institutions in Europe.</p> <p>4 of 15 supervisory board members are delegates of the German government.</p> <p>The supervisory board of DEG is responsible for advising and monitoring the Management Board with respect to the management of the company. DEG’s Supervisory Board currently consists of representatives of the Federal Government, of KfW and of private enterprises, science and civil society as well as five members of the DEG staff.</p>	1

b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>As set out in DEG’s Memorandum of Association, DEG acts in the public benefit and shall exclusively and directly pursue public-benefit goals within the meaning of the ‘tax-privileged purposes’ section of the German Fiscal Code. The implications resulting from acting in the public benefit are further specified in an internal organization guideline (no. 0976) that is relevant for each investment of DEG. Acting in the public benefit according to the German non-profit rules in particular requires a subsidiarity of DEG, which means that DEG is not potentially entering into competition to non-tax privileged market participants of same or similar kind.</p> <p>For every new investment, a specific checklist must be completed to ensure compliance with the German non-profit rules, of which subsidiarity is an important part. The checklist (1427) is filled by the market departments and crosschecked by a legal expert (LCa) who can be supported by tax experts if necessary.</p> <p>DEG’s self-sustainability is part of DEGs corporate strategy.</p>	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

Score

The written order ensures that business transactions follow the development policy mandate. In the corporate strategy, the development policy impact is defined as one of two equally weighted goals. The achievement of this goal is continuously monitored by the DERA rating system and is incorporated into the goal achievement of the employees and management.

1

More information on DERA and the impact topics covered in the rating is available here: https://www.deginvest.de/DEG-Documents-in-English/About-us/What-is-our-impact/Policy-brief_EN_final.pdf

A complete control cycle is used to ensure that the targets set, particularly those relating to subsidy policy, are managed: firstly, planning takes place, followed by monitoring during the year with monthly reporting to DEG management ("Förderbericht"), the parent company and the Supervisory Board. If necessary, the targets are adjusted as part of the next planning process.

Please, also compare the answer to question no. 7 b.

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

Score

Accountability towards the government is ensured on the following levels:

1

- a) DEG mandate as per Articles of Association: The developmental focus of DEG is an integral part of its mission (see Articles of Association Article 2, point 2 and 3, cf. question 7). Here it is clearly stated that DEG promotes private sector development within the scope of the German Federal Government's development policy principles and measures in developing countries.
- b) Governmental representation in the Supervisory Board: The supervisory board of DEG is responsible for advising and monitoring the Management Board with respect to the management of the company. DEG's Supervisory Board currently consists of representatives of the Federal Government, of KfW and of private enterprises, science and civil society as well as five members elected by DEG Staff in accordance with German law. It has to be noted that those Members of the Supervisory Board not elected in accordance with the One-Third Participation Act are appointed by the Shareholders' Meeting in consultation with the German Federal Ministry for Economic Cooperation and Development. The Bund has the right to nominate four Members of the Supervisory Board to represent the Federal Ministry for Economic Cooperation and Development, the Federal Foreign Office, the Federal Ministry of Finance and the Federal Ministry for Economic Affairs and Climate Action.
To fulfil its responsibilities efficiently, the supervisory board has established four committees: the Executive and Nomination Committee, the Risk and Credit Committee, the Remuneration Control Committee and the Audit Committee.
- c) DEG as part of KfW Banking Group: DEG operates as a non-profit limited company ("gemeinnützig" according to German law) and a legally independent, wholly owned subsidiary of KfW since 2001. KfW itself is an institution under public law, 80% of which is owned by the German Federal Government, with the remaining 20% owned by the German federal states. KfW fulfils a steering role at state level. KfW is required to perform the tasks set forth in the Law Concerning KfW, which was enacted in 1948. As part of the group DEG forms an integral part of the international business activities (in particular those in developing countries) of KfW. The federal Ministry of Finance is the legal supervisor of KfW, thus its Board of Directors is composed by representatives of the federal and state governments; in particular there is an alternating chairmanship between the Federal Ministry of Finance and the Federal Ministry for Economic Affairs and Climate Protection.

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

DEG is a wholly-owned subsidiary of KfW Group. There is no diversified shareholding.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

The Memorandum of Association of DEG ("Gesellschaftsvertrag") does not allow the payment of dividends or any other sums from Company funds.

Cf. art. 15 (4) of the Memorandum of Association:

Company funds, including any profits, may only be used for purposes in accordance with the Articles of Association. The shareholder may not receive any share of the profits or any other sums from company funds.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

<p>DEG's mandate is to strengthen development in ODA recipient countries. We are a DFI with a focus on private sector support in developing and emerging countries. Thus, the promotion of the economic development and welfare of developing countries is a basic requirement for all of our transactions.</p>	<p>Score 1</p>
<p>13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).</p>	<p>Score 1</p> <p>Each investment is evaluated on its potential impact on development (DERa score, compare question 16) during the due diligence process. To achieve a good score, the investment has to contribute on the SDGs, foremost on jobs and income creation, climate, environmental and social standards. DEG promotes private sector development within the scope of the German Federal Government's development policy principles and measures in developing countries.</p> <p>As per its mandate, DEG is financing private sector operations in ODA countries. All DEG projects undergo an in-depth Due Dilligence process. The Due Dilligence process is covering commercial considerations but also non-commercial aspects (e.g. macro & micro economic environment, Environmental & Social Aspects, Transformational potential, Energy Efficiency, workforce, etc.). All these aspects are considered in the overall Due Dilligence and internal rating documentation. Most of our projects are embedded into a local context (e.g. local value chain, industry cluster, etc.). To inform the due diligence process and to better understand local or country specific needs, DEG makes use of different type of market analysis and surveys (e.g. market study, product reports, peer group analysis). In the due diligence process we normally address plenty of different stakeholders which are relevant for the sector (e.g. competitors, suppliers, clients of the target company). Depending on the project DEG also engages into dialogue with industry chambers or embassies where relevant to inform the due diligence process and get relevant and up to date market information or information about people/consortia/companies involved. All Due Dilligence processes are individual.</p> <p>In our intermediary investments the use of funds is clearly formulated to ensure that the money is applied for the correct investment case.</p> <p>DERa is collecting data on the level of the individual client on different impact categories. The categories job creation, local income (tax), market development, local community development have a broader anchor in the specific country context. With the current reform of the DERa system country specific contexts will be more systematically integrated into the tool.</p>
<p>14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).</p>	<p>Score 1</p> <p>DEG has a Technical Assistance mechanism (Business Support Services – "BSS") funded by the Federal Ministry for Economic Cooperation and Development as well as by DEG's own funds. BSS funds are used to co-fund* advisory and improvement projects to enhance the social and environmental impact of companies financed by DEG (e.g. projects to assess and reduce the carbon footprint, improve working conditions, train employees, improve corporate governance, protect the environment, improve conditions in the surrounding communities etc.).</p> <p>*Usually, the company provides 50% cost share. In selected cases, BSS contribution can be higher, up to 100%.</p>
<p>15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.</p>	<p>Score 1</p> <p>DEG adapts its impact framework needs-driven to reflect changing strategic priorities and requirements in international guidelines. Usually this is done in the context of strategy development as well as updates to the impact measurement system, which take place approximately every 5 years. Compare question 23.</p>
<p>16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.</p>	<p>Score 1</p> <p>The impact is assessed using the DERa initially during Due Diligence looking at baseline and target performance. The actual impact performance is monitored annually. For financial institutions (e.g. banks) DERa is applied mainly on the level of the FI, but includes metrics on portfolio development in specific focus areas (e.g. SMEs). For funds (e.g. private equity funds) DERa combines assessments on fund management and on the level of investee companies. During DD, when there are no investee companies yet, ex-ante expectations on investee level are based on assumptions looking at the investment strategy and target region of a fund as</p>

well as pipeline clients.

In general, DEG is looking for long-term equity investments (guiding principle 5-10 years) in order to support clients in improving and sustaining their impact. An analysis of a client's impact achievements during DEG's investment period (based on the DERA) is integral part of the DEG's internal decision process leading to an exit (but not with an impact threshold to be met before executing an exit).

DEG does not carry out ex post assessments of a client's impact after exit. However, DERA assessment is renewed every year for each portfolio client implying that the impact assessment at the time of exit is up to date (younger than 12 months).

More information on DERA and the assessment process is available here: https://www.deginvest.de/DEG-Documents-in-English/About-us/What-is-our-impact/Policy-brief_EN_final.pdf

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Use of funds of all DEG investment is always in ODA countries as per our mandate (for exceptions cf. 6 and 7). To fulfil this mandate DEG also works with entities outside these countries to promote investments of those companies in developing markets.

Extract of our memorandum of association art.2 (5):

The object of the Company is the performance of the following measures in pursuance of this purpose:

1. Acquisition of equity holdings and provision of quasi-equity loans and long-term loans to enterprises in the countries mentioned in (3) sentence 1;
2. Other appropriate measures, such as
 - a) furnishing guarantees and sureties, issuing credit orders and performing fiduciary duties;
 - b) granting subsidies in special cases, solely, however, from the Company's disposable income or from funds made available to the Company specifically for such purpose;
 - c) providing consultancy services to enterprises and institutions in the countries mentioned in (3) sentence 1 above and, in particular, to German and European companies with the aim of promoting private-sector development in these countries.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

DEG offers tailor-made financing for investments in developing countries. The most dominant part of our investments is provided locally as loans or equity investments directly to our customers (which are local corporates, local financial institutions or local intermediaries). From time to time and depending on the individual investment structure, the use of intermediaries in donor or third countries is advised to mobilise private capital for development. For private equity transactions, the most important reasons for using intermediary structures are to make up for shortcomings in the legal systems and inadequate administration in our target countries that would otherwise dissuade private or institutional investors from entering these markets. For corporate finance transactions, the use of intermediaries in donor or third countries could be advised due to risk structuring aspects to avoid subordination within larger group holdings or to organize large volume syndications in the same legal environment.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

DEG does not influence the private sector decision with regard to tendering equipment or other kinds of services. DEG does not make any provisions to its clients in regards of choosing specific equipment suppliers. This is neither part of DEG's public mandate nor of any internal investment policies.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

YES.

The three kinds of additionality are measured in different ways at DEG:

- the measurement of value additionality and development additionality is integrated in the rating system DERA (Development Effectiveness Rating, see https://www.deginvest.de/DEG-Documents-in-English/About-us/What-is-our-impact/Policy-brief_EN_final.pdf)
- financial additionality is required for tax purposes (subsidiarity) and is checked via a specific tax oriented checklist and

Score

1

<p>additionally – from 2024 on – via a survey checking the definition a financial additionality provided by OECD. In 2023 and before the latter was also covered by the above mentioned rating system DERa.</p> <p>For every new investment, a specific checklist has to be filled out to ensure DEG's compliance with the German non-profit rules. Those rules inter alia require DEG's subsidiarity with regard to such investment. This is because DEG is treated in preferred way concerning tax payments (please see question 7 para b). This checklist is filled in cooperation with the customer and cross-checked by a legal expert as part of the final investment decision. This process is mandatory and set out in writing (internal manual 1427 and 1428). It is checked prior to signing of any investment documentation that there are no relevant deviations from the situation at investment decision (internal manual 0189).</p> <p>When preparing the final decision for a new investment, the investment manager has to use the DERa (Development Effectiveness Rating) to rate the impact (potential). Until the end of 2023, the assessment of financial and value additionality was part of this process. From 2024 onwards, with an update of DERa, it will still be possible to continue to assess value additionality based on DERa information. For financial additionality, a separate checklist will be implemented as part of the due diligence process. It is mandatory to fill this checklist to get an approval of the deal.</p> <p>More information on DERa is available here: https://www.deginvest.de/DEG-Documents-in-English/About-us/What-is-our-impact/Policy-brief_EN_final.pdf</p>	
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21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

<p>YES See page 2, number 2 of the checklist mentioned above. Especially: "No squeeze out of other market participants".</p>	<p>Score 1</p>
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22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

<p>YES When preparing the final decision for a new investment, the investment manager has to show the commercial sustainability of the investment by filling the internal credit / equity assessment. This form requires the investment manager not only to assess the current financial situation, but also the forward-looking creditworthiness of the partner company. Part of the analysis is the "Expected Financial Development" where different key financial indicators are simulated over the (expected) lifetime of the investment.</p> <p>Above that, the "second vote" addresses the commercial sustainability of every investment. This is not only because of DEGs interest to assess the probability to repay the financing including interest, fees and / or dividends but also due to regulatory requirements.</p>	<p>Score 1</p>
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23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

<p>YES DEG adapts its additionality framework needs-driven to reflect changing strategic priorities and requirements in international guidelines. Usually this is done in the context of strategy development as well as updates to the impact measurement system, which take place approximately every 5 years.</p>	<p>Score 1</p>
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

<p>YES Both, financial and value additionality are checked for the first time in the process of decision making before the investment. DEG re-assesses the actual value contributions annually. Financial additionality is only checked ex-ante.</p>	<p>Score 1</p>
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

<p>No collaborations with national and other export credit agencies.</p>	
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Germany: Financial Cooperation under the Business Sector „KfW Entwicklungsbank“ (KfW Development Bank)

Basic identification details

- For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Kreditanstalt für Wiederaufbau (KfW), established 1948; business sector: Financial Cooperation under the business sector „KfW Entwicklungsbank“ (KfW Development Bank)

Introducing Comment: KfW Development Bank is not a PSI-Vehicle

As a public law institution (*Anstalt des öffentlichen Rechts*), 80% of which is owned by the Federal Republic of Germany, with the remaining 20% owned by the German federal states (*Länder*), KfW serves domestic and international public policy objectives of the Federal Government of the Federal Republic of Germany.

KfW conducts its business in several different business sectors. Besides its domestic promotional activities, KfW supports economic and social progress in developing and emerging countries through KfW Development Bank and Deutsche Investitions- und Entwicklungsgesellschaft mbH (German Investment and Development Company, “DEG”). In contrast to DEG, a subsidiary of KfW, which was established as a Development Finance Institution (DFI) in 1962, KfW Development Bank is not a separate legal entity, but a business sector of KfW.

On behalf of the German Federal Government, and primarily the Federal Ministry for Economic Cooperation and Development (BMZ), KfW Development Bank finances and supports projects that mainly involve public sector players in developing countries and emerging economies – from their conception and execution to monitoring their success.

In the context of PSI, KfW Development Bank currently exclusively reports fiduciary (equity) investments as ODA. These fiduciary investments on behalf of the German Government are completely financed out of budgetary funds on activity/project level. These budgetary funds are provided on activity level and directly invested by KfW (on behalf of the Federal Republic of Germany).

Due to this fact, these fiduciary equity investments are not part of KfW's balance sheet but part of the balance sheet of the Federal Republic of Germany.

Therefore, the investment decision for these activities is taken by the German Government (not by KfW). The same applies to the decision whether dividends (if any) are reinvested or not or whether the equity is sold or kept. Any cashflows (dividends, sale proceeds etc.) received by KfW from these fiduciary PSI investments are transferred back to the budget of the German Government and not kept by KfW. This means that KfW has no decision power over the use of potential reflows.

Consequently, KfW is neither administering a PSI Programme, nor a PSI vehicle, nor a PSI fund as defined in footnote no 4 of this document. As a consequence, these fiduciary equity investments are not part of KfW's balance sheet but part of the balance of the Federal Republic of Germany.

Even though KfW Development Bank is not a PSI vehicle as defined by the DAC, we **undergo the assessment on a voluntary basis** in order to demonstrate how we ensure the ODA eligibility in terms of content and process of the PSI activities we report.

Please note, that our answers below in section A, C and D refer to KfW Development Bank as business section exclusively.

Furthermore, the figures mentioned in this assessment refer to PSI activities of KfW Development Bank solely, which are carried out on behalf of the Federal Republic of Germany and are therefore part of Germany's CRS Reporting.

A. Disbursement breakdown

- For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

Not applicable.

- For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of

developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	Please note, that all disbursements mentioned below are reported in the CRS-Report in the context of PSI. 2021: 491 Mio. Euro (thereof reported by BMZ: 107) 2022: 360 Mio. Euro (thereof reported by BMZ: 79) 2023: 293 Mio. Euro (thereof reported by BMZ: 73)	0
Other	0	

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

See introducing comment: KfW Development Bank is not a PSI vehicle.

Yes.

ODA-effectiveness of our projects is a budgetary precondition according to Germany's budgetary law to implement budget funds from BMZ. This requirement is ensured via several mechanisms in our process:

- (1) Essential part of KfW's project appraisal and project proposal for the German Government
- (2) Confirmed by the German Government when approving the project proposal (activity level) and giving us the mandate to enter into a contract with our development partners
- (3) Our financing contracts include clauses which specify that the funds provided have to be used in line with the project proposal, including the condition that funds have to be used for development purposes in DAC recipient countries
- (4) Regular Monitoring of the use of funds is part of our fiduciary duties for the German Government for each project.

Furthermore, our activities under the mandate of BMZ or other ministries are regularly checked by internal and external auditors. Finally, as a government- owned entity, KfW is subject to audits by the German Federal Court of Auditors ("Bundesrechnungshof") with regard to its economical use of funds pursuant to the Budgeting and Accounting Act.

[Our way of working | KfW Development Bank \(kfw-entwicklungsbank.de\)](#)

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Not applicable.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

See introducing comment: KfW Development Bank is not a PSI vehicle.

The focus of **KfW Development Bank's** ODA activities is to provide financing and accompanying advisory services to the public sector through grants (100% funded by the BMZ) and loans (funded out of budget funds and/or KfW's own funds). KfW Development Bank provides loans or grants depending on the per capita income of client countries only to the public sector / official sector entities by taking into account the [FC/TC guidelines](#).

For this purpose, we provide (fiduciary) grants and very favorable standard loans (100% funded by German Government) primarily in poor and weakly developed countries. We use development loans or promotional loans (funded partially or fully out KfW's own funds) in advanced developing countries and emerging economies for projects that are both useful from a development policy perspective and economically viable.

With regard to loans involving KfW's own funds, the partner countries benefit from KfW's favorable refinancing opportunities thanks to its AAA rating, as well as interest rates subsidized in part from federal funds and a proportionate assumption of risk by the German Federal Government ("Gewährleistungsrahmen") or the European Union.

For further details: [Our financial products | KfW Development Bank \(kfw-entwicklungsbank.de\)](#)

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not applicable (see introducing comment: KfW Development Bank is not a PSI vehicle).

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>See introducing comment: KfW Development Bank is <u>not</u> a PSI vehicle.</p> <p>Yes.</p> <p><u>KfW in general</u></p> <p>KfW is a promotional bank and has a statutory promotional mandate. As promotional bank, it does not seek to maximize profits but rather to maintain an overall level of profitability that allows it to strengthen its equity base in order to support its promotional activities. It is organized under the Law Concerning KfW, which was enacted in 1948.</p> <p>The functions and business of KfW are described in Article 2 of the Law Concerning KfW. In accordance with Article 2 (1) of the Law Concerning KfW, KfW has the function of performing promotional tasks, in particular financings, pursuant to a state mandate in certain areas.</p> <p>According to Article 2 (1) no. 1 h) of the Law Concerning KfW, this includes promotional tasks in the context of development cooperation. KfW fulfills promotional tasks in the context of development cooperation through KfW Development Bank, as business sector of KfW, which is responsible for KfW's public sector development cooperation activities. As set out in Article 2 (1) of the Law Concerning KfW, KfW needs a state mandate in order to perform these promotional tasks.</p> <p>Further information on KfW's statutes, mandate and mission statement can be found here:</p> <ul style="list-style-type: none"> - Promotional mandate and history KfW - Mission and tasks of KfW KfW <p>Please note, that domestic promotional activities and commercial or export related activities are explicitly not part of the business sector KfW Development Bank but part of KfW's other business sectors or subsidiaries.</p> <p><u>KfW Development Bank</u></p> <p>In general, the framework for KfW Financial Cooperation (FC) financial instruments is defined by German and EU law, governed overall by the Bundeshaushaltsordnung (Federal Budget Code, BHO) and the "General Agreement" ("<i>Generalvertrag</i>") between the Federal Republic of Germany and KfW as of June 2009. The basic principles, including description of financial instruments, the strategy, eligibility criteria as well as operational requirements are further described and detailed inter alia in the FC/TC guidelines. They are agreed upon by the Federal Republic of Germany and KfW as of July 2021. Both documents (i.e. General Agreement and FC/TC guidelines) are updated and amended from time to time.</p>	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
<p>Yes.</p> <p>See 7. Above</p> <p><u>KfW in general</u></p> <p>KfW serves domestic and international public policy objectives of the German Federal Government, which purpose and objectives are defined and codified in a national law, the Law Concerning KfW. One of the areas in which KfW (through its business sector KfW Development Bank) performs promotional tasks is development cooperation (Article 2 (1) no. 1 (h) of the Law Concerning KfW). KfW acts as the Federal Republic's international development bank, extending loans and disbursing grants mainly to foreign public sector borrowers and recipients. KfW's international development activities are made according to instructions and mandates from the Federal Government.</p> <p><u>KfW Development Bank</u> as business sector of KfW finances programs and projects that mainly involve public-sector players in developing countries and emerging economies on behalf of the German Federal Government, mainly represented by the Federal Ministry for Economic Cooperation and Development (BMZ). As set out at the beginning of Article 2 (1) of the Law Concerning KfW, KfW needs a state mandate in order to perform these promotional tasks, in particular financing under Article 2 (1) no. 1 h) of the Law Concerning KfW. The KfW Development Bank mandate is further specified in a "General Agreement" ("<i>Generalvertrag</i>") and "Development Cooperation Guidelines" (FC/TC guidelines). The General</p>	1

Agreement is signed by the German Federal Government and KfW, the Development Cooperation Guidelines are released by the German Government and have the status of German administrative regulations. Both documents are updated and amended from time to time.

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability. If so, please explain how.

	Score
<p>Yes.</p> <p>KfW</p> <p>Since it was set up in 1948, KfW Group has been financing and promoting the sustainable development of the economy, society and the environment both in Germany and abroad under a state mandate. This profile is what clearly sets KfW apart from other commercial banks. KfW operates in ways that are competitively neutral and therefore does not intervene in banking competition.</p> <p>The general guidelines for KfW's promotional activities are subsidiarity, non-selectivity, and market conformity. Funding is not selectively targeted at individual companies or sectors. This aims to ensure that economic structural change is primarily driven by market forces. KfW does not use the privileges necessary for its task to unfairly compete with commercial banks and thus distort competition to the detriment of the economy. Its products complement commercial offerings products, but do not displace them. KfW concentrates on areas that the commercial banks do not (yet) serve, do not serve sufficiently or only serve at economically unreasonable prices. Hence, KfW focuses on compensating market weaknesses.</p> <p>To ensure this additionality and non-market distortive nature of KfW and promotional banks in general, the Understanding on German special credit institutions of 1 March 2002 between the EU Commission and the German Government (<i>Verständigung II</i>) ("Understanding II"), stipulates certain requirements that must be fulfilled. It outlines that special credit institutions like KfW may only be entrusted with promotional tasks in compliance with the State aid rules of the EU. Additionally, it stipulates that public promotional tasks may be carried out by special credit institutions like KfW only at the request of the government in precisely described promotional areas. The Understanding II further stipulates that the public promotional tasks must be described in concrete terms in the relevant legal provisions, which was carried out for KfW in the Law Concerning KfW. For the implementation of their public promotional tasks, special credit institutions like KfW may use in particular the principle of channeling through funds to beneficiaries via commercial banks (Durchleitungsprinzip). The Understanding further stipulates that for the fulfilment of their public promotional tasks, special credit institutions like KfW may only engage in services and other activities which are directly in connection with the fulfilment of their tasks.</p> <p>Thus, subsidiarity is a fundamental principle of KfW as a promotional bank: KfW's impact on the economy KfW.</p> <p>KfW refinances itself through the international capital markets. Refinancing takes place by way of issuing four different product categories. These include the benchmark programs in EUR and USD as the main refinancing instruments available on a long-term basis, other publicly placed issues in all strategic markets (EUR, USD, GBP, AUD), the issue of green bonds and the issue of bonds in growth markets (e.g., SEK, NOK, ZAR, etc.) and private placements to further diversify the investor base. The international focus ensures stable long-term refinancing and the best possible refinancing costs.</p> <p>KfW Development Bank</p> <p>According to its "General Agreement" with the German government, KfW Development Bank is acting as fiduciary for the German government in implementing the German budget funds. As such it is bound to apply the general principles of the German Budget law. Additionality is a precondition to the fiduciary position as it is only assigned in constellations where a specific state interest and sound financial management and economic efficiency requires the assignment of a fiduciary position. Therefore, by the very nature of the relationship of KfW Development Bank with the German government, additionality and resulting therefrom a non-market distortive nature of its financing instruments, including its private sector instruments, are fundamental principles of its mandate.</p> <p>Our (fiduciary) PSI activities are aimed at mobilising financing from private sources and other commercial forms of funding. KfW Development Bank's activities are aligned with the strategy paper "of the German Government for "Sustainable economic development, education and employment". One of the guiding principles in the context of action field no 2 "private sector and financial system development" is the principle of subsidiarity (see page 28+29). The combination of different financial resources (blended finance) and especially the mobilisation of private capital are highly relevant in this context. To this end, mechanisms such as structured funds, instruments to reduce the risks of private investors and approaches to strengthen capital markets are supported. Funds generally operate under market conditions, As described in more detail in section D., a project proposal is drawn up for each project, which also examines the sustainability and economic viability of the project. These aspects of the investee are assessed in the annex "Project Executing Agency Analysis", which is mandatory for each project proposal (For more detailed explanations, see question 22) Otherwise, commercial / private investors would not be willing to invest in such instruments..</p>	<p>1</p>

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s)?

	Score
<p>Yes.</p> <p>KfW</p> <p>KfW's Board of Supervisory Directors supervises the overall conduct of KfW's business and regularly monitors the achievement of objectives. Since KfW Development Bank is a business sector of KfW, this supervision and monitoring includes the development objectives pursued by KfW Development Bank pursuant to the Federal Government's instructions. Responsible for the legal supervision of KfW are the Ministry of Finance and the Ministry for Economic Affairs and Climate Action (Article 12 (1) of the Law Concerning KfW). They supervise KfW's compliance with applicable laws and may adopt all necessary measures to ensure such compliance. Legal supervision primarily comprises supervision of compliance with the Law Concerning KfW and KfW's Bylaws, but also with all other applicable laws and regulations.</p> <p>In addition to being subject to legal supervision by the Federal Ministries, in October 2013, KfW became subject to banking-specific supervision exercised by the German Federal Financial Supervisory Authority (<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i>, or "BaFin"). This supervision was established by a ministerial regulation (<i>KfW-Verordnung</i>, or "KfW Regulation"), which implements an amendment to the Law Concerning KfW that became effective in July 2013. The KfW Regulation specifies those provisions of banking supervisory law which are to be applied to KfW by analogy and assigns the supervision of compliance with these provisions to BaFin. In exercising its supervision, BaFin cooperates with the German Central Bank ("Deutsche Bundesbank") in accordance with normal bank supervisory procedures.</p> <p>In addition to compliance with the financial reporting and auditing standards generally applicable to banks in Germany, KfW, under the Law Concerning KfW, is subject to special auditing standards for government-owned entities set forth in the Budgeting and Accounting Act (<i>Haushaltsgrundsatzgesetz</i>). These special auditing standards require that KfW's annual audit, above and beyond its normal scope, cover the proper conduct of KfW's business by its management. The resulting auditor's report is to enable the Board of Supervisory Directors, the responsible Federal Ministries and the Federal Court of Auditors (<i>Bundesrechnungshof</i>) to form their own opinion and to take action if required.</p> <p>Finally, as a government-owned entity, KfW is subject to audits by the Federal Court of Auditors with regard to its economical use of funds pursuant to the Budgeting and Accounting Act.</p> <p>KfW Development Bank</p> <p>KfW Development Bank has procedures, policies and guidelines in place for performing monitoring of the use of funds. The monitoring is performed once a year at least and results are documented. Regarding equity investments, KfW has established internal guidelines that describe the specific requirements for reporting this kind of investments.</p> <p>For further details: Our way of working KfW Development Bank (kfw-entwicklungsbank.de)</p> <p>FC-Evaluation: Our results KfW Development Bank (kfw-entwicklungsbank.de)</p> <p>In addition, according to the General Agreement with the German Government and pursuant to principals applicable to the use of German budgetary funds, the Ministry of Finance as well as the Federal Court of Auditors ("Bundesrechnungshof") is entitled to audit the use of budgetary funds at any time as well as in regular (yearly) intervals. Furthermore, in such audits, specific focus is given on the fulfillment of the principle of sound financial management and economical use of funds, which includes additionality with regard to reaching its developmental objectives as set out in the Budget Law as well as in the Law Concerning KfW for all fiduciary financings of KfW Development Bank.</p> <p>In addition, German development cooperation is evaluated by Deval, German Institute for Development Evaluation. The evaluations focus on methods and standards of German development cooperation, but measures and projects in selected sectors are also analyzed. In this context, some of the BMZ's participations - structured funds - were also assessed.</p> <p>For further details:</p> <p>Startseite DEval - Deutsches Evaluierungsinstitut der Entwicklungszusammenarbeit gGmbH</p> <p>https://www.deval.org/de/publikationen/structured-funds-in-development-cooperation-a-balancing-act-between-development-impact-and-financial-sustainability</p> <p>In the <i>OECD Development Co-operation Peer Reviews: Germany 2021 report</i> it says: Effective internal and external audit function in KfW and GIZ; annual audits of BMZ by the Federal Court of Audit; KfW and GIZ comply with BMZ spending rules; robust internal control processes in headquarters and the field.</p>	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
<p>The German Government instructs KfW with performing promotional tasks in the area of development cooperation (Article 2 (1) no. 1 (h) of the Law Concerning KfW). KfW's promotional activities are then monitored by the Board of Supervisory Directors. The Board of Supervisory Directors consists of the relevant Federal Ministers with the Federal Minister of Finance and the Federal Minister for Economic Affairs and Climate Action serving as Chairman and Deputy Chairman of the Board of Supervisory Directors on a year-by-year rotating basis. In this way, KfW is supervised by the government when it is pursuing promotional activities in the area of development cooperation.</p> <p>KfW's mandate is to assist in the implementation of the German Government's/ partner countries' development strategies.</p> <p>The <u>German Government lays down the framework</u> for financial cooperation implemented by KfW Development Bank. It bears the political responsibility for the promotion of the development measures and is in charge of the related development policy. The responsible ministry within the German government is the Federal Ministry for Economic Cooperation and Development (BMZ).</p> <p>In particular, the German government is responsible for:</p> <ul style="list-style-type: none"> • country analyses, • formulating and determining the objectives, priority areas, strategies and instruments of cooperation with the individual partners, • selecting measures and also deciding about the aims and implementation of German support, • the provision of funds, • agreeing and concluding arrangements under international law with cooperation partners (if applicable), • checking and supervising German support also on the basis of reports from KfW and evaluations. <p>Furthermore, budget funds for our projects are provided based on Guidelines for bilateral Financial and Technical Cooperation with cooperation partners of German development cooperation developed by the BMZ. KfW Development Bank needs a state mandate for any of its promotional activities.</p> <p>Accountability is an inherent principle when using German budgetary funds. For all budgetary funds used for fiduciary PSI instruments (as well as for other financing instruments sponsored by BMZ) or credit guarantees provided by the Ministry of Finance the use of funds as prescribed in the Budgetary Law its developmental purpose and ODA eligibility is mandatory. KfW is accountable towards the German Government that the funds have been used in accordance with its intended purpose. The development strategy which defines the purpose is laid down by the BMZ as explained above. KfW's accountability refers to the implementation of this strategy (→ see answer to question no. 4).</p>	1
<p>10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.</p> <p>See introducing comment: KfW Development Bank is not a PSI vehicle.</p> <p>General Comment: Pursuant to Article 1 (2) of the Law Concerning KfW, the Federal Republic of Germany holds 80% of KfW's subscribed capital, and the German federal states hold the remaining 20%. Shares in KfW's capital may not be transferred to entities other than the Federal Republic or the German federal states. The Federal Republic consists of 16 federal states.</p> <p>KfW is organized under the Law Concerning KfW as public institution with unlimited duration.</p> <p>For further details, see Article 1 of the Law Concerning KfW.</p>	
<p>11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.</p> <p>See introducing comment: KfW Development Bank is not a PSI vehicle.</p> <p><u>General Comment with regard to KfW as institution:</u> According to Article Article 10 (1) of the Law Concerning KfW, no profits are distributed to KfW's shareholders. Net profits are allocated to KfW's reserves, cf. Article 10 (2) of the Law Concerning KfW.</p> <p><u>Reflows from fiduciary (PSI) investments of KfW Development Bank:</u></p> <p>In the context of PSI, KfW Development Bank currently exclusively reports fiduciary (equity) investments as ODA. These fiduciary investments on behalf of the German Government are completely financed out of budgetary funds. These budgetary funds are provided on activity/project level and directly invested by KfW (on behalf of Germany). Important to note, that due to this fact, these fiduciary equity investments are not part of KfW's balance sheet but part of the balance sheet of the Federal Republic of Germany (Bundesfinanzministerium - Vermögensrechnung des Bundes 2022 page 68 "internationale Organisationen und Einrichtungen"). KfW reports annually to the Federal Government (Federal</p>	

Ministry of Finance, BMZ and Bundesrechnungshof) on the cash flows (income and sales proceeds) of each individual equity investment ("Statement of Assets and Liabilities for the Federal Government").

Therefore, the investment decision for these activities is taken by the German Government (not by KfW). The same applies to the decision whether dividends (if any) are reinvested or not or whether the equity is sold or kept. Any cashflows (dividends, sale proceeds etc.) received by KfW from these fiduciary PSI investments are transferred back to the budget of the German Government and not kept by KfW. This means that KfW has no decision power over the use of potential reflows but the German Government.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

See answer to question no 9:

The Financial Cooperation (FC) implemented by KfW Development Bank is guided by the country strategies developed by the Federal Ministry for Economic Cooperation and Development (BMZ) and the development strategies created by the partner country.

Please note, that according to Germany's budgetary law the provision of BMZ funds is linked to the condition that these are ODA-eligible. Therefore, the economic development and welfare of developing countries is a fundamental principle of BMZ development strategy on institutional level as well as at the level of individual activities (see answers to question no 4 and 9).

For projects funded by budget funds there exist procedural guidelines drawn up by the German Government that regulate what instruments KfW Development Bank may offer to partner countries and how development measures proposed by the partner country are to be appraised by KfW Development Bank. The appraisal defines verifiable goals for the use of the planned contributions and capacities and their intended impacts, and develops proposals for appropriate monitoring.

In its PSI activities, KfW Development Bank implements the German Federal Government's guidelines for achieving development policy objectives. For PSI, these are, among others, set out in the Federal Government's strategy paper on "Sustainable economic development, education and employment":

<https://www.bmz.de/resource/blob/182690/bmz-papier-nachhaltige-wirtschaftsentwicklung.pdf>

The BMZ supports partner countries in comprehensively transforming their economies to meet social and ecological needs. Thereby, structural approaches are of special relevance. To this end, the private sector and the financial system are to be transformed in such a way that they contribute to reducing poverty and creating prosperity in a climate and environmentally friendly way, as are the conditions for free and fair trade. Further, access to and the relevance of vocational training is to be expanded. The goal is the equal political, economic and social participation of all people - regardless of gender, sexual orientation, disability or origin. The BMZ contribution is based on this concept of humanity in the German Grundgesetz.

Score

1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

Yes.

See answer to question 9 and 12:

The Financial Cooperation (FC) implemented by the business sector KfW Development Bank is guided by the country strategies developed by the Federal Ministry for Economic Cooperation and Development and the development strategies created by the partner country. Moreover, the promoted bilateral projects and programs are proposed during bilateral government negotiations by the partner country and regional approaches are in line with the BMZ strategy for regional projects. At project appraisal, KfW checks whether the proposed projects are developmentally sound and feasible. The alignment of the project with the specific needs of individual recipient countries for bilateral projects or of the countries in a specific region for regional projects is one of the main appraisal criteria. In case of PSI activities of supra-national or supra-regional scope, investments are guided by the development needs of the group of countries targeted as laid out in BMZ's strategy on supra-national/ supra-regional cooperation. The strategy mentioned forms the basis for the implementation of supra-national or supra-regional PSI activities by KfW Development Bank.

For further details: [Our way of working | KfW Development Bank \(kfw-entwicklungsbank.de\)](https://www.kfw-entwicklungsbank.de)

Score

1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
<p>KfW Development Bank checks whether the proposed projects are developmentally sound and feasible. Working together with the partner, specialized consulting firms draw up a feasibility study, which provides answers to all of the project's key questions – economic efficiency, developmental impacts and possible risks. The appraisal criteria ensure, that the design of the project maximizes the impact for a given financing and minimizes the risks to the environment and the population. Social, cultural and ecological aspects are taken into account. Based on the appraisal report the German Government takes a funding decision for the project and mandates KfW to conclude a financing agreement with the project-executing agency. The project-executing agency is responsible for the project itself. It puts goods and services to tender and monitors the building phases. The financing agreement specifies what the project executing agency has to observe when implementing the project. This includes social and environmental requirements and tendering rules that guarantee fair competition. If needed, KfW Development Bank provides so called accompanying measures – a technical assistance instrument within Financial Cooperation financed out of budgetary funds – to support the partner country or the project-executing-agency with the implementation of the project. The KfW Development Bank's experts assist the clients during these steps and provide the German Federal Government with regular progress reports.</p> <p>The accompanying measures described above can also be made available to the investment companies in which the Federal Government of Germany, represented by KfW, participates in order to achieve the development policy objectives. For this purpose, a so-called Technical Assistance Facility is usually established, which stands separately from the investment company and is managed independently of it by a separate committee.</p> <p>In addition, representation on the investment company's committees (e.g. Board of Directors, Investment Committee) ensures that the expertise of the nominees with regard to governance, ESG, etc. is passed on.</p> <p>For further details: Our way of working KfW Development Bank (kfw-entwicklungsbank.de)</p>	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
<p>Yes.</p> <p>At the end of project implementation, for each project, KfW Development Bank provides a final follow-up report that sets out the results as well as the total costs incurred and how they were financed. The reports also contain recommendations for operation and, if appropriate, make mention of any threats to the sustainable developmental impact of the measures carried out.</p> <p>KfW Development Bank has its own Evaluation Department that reviews the development impact of around 50% of the bank's investments that are selected at random a few years after the project implementation. The management of the Evaluation Department is assigned to a person from academia as a sign of its independence and to incorporate the latest scientific findings into the evaluation framework. The bank's evaluation criteria are regularly adapted to international standards. At present, projects are analyzed based on six key evaluation criteria (relevance, coherence, effectiveness, efficiency, overarching developmental impact and sustainability) agreed upon by the international community of donors as represented by the DAC of the OECD. The coherence criterion was last introduced in 2020.</p> <p>For further details: Our results KfW Development Bank (kfw-entwicklungsbank.de)</p>	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
<p>Yes.</p> <p>For the projects funded by German budget funds, KfW Development Bank assesses the development impact ex ante. The investments are attributed outcome and output targets, each of which is measured by indicators with baseline and against target values. The assessment of the development impact is a key component of the ex-ante project appraisal and is documented in an appraisal report. In addition, so-called sector-specific standard indicators are assigned to all projects ex ante, which will later be used to measure the impact of the projects. Standard indicators are intended to describe impact dimensions ex ante, mostly at output level. They allow aggregation of impacts across specific project types.</p>	1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

<p>Beside investments in MFI and Collective Investments Funds or Public-Private Partnerships (PPP) acting as intermediary ("channel of delivery") KfW Development Bank has currently no further activities with the private sector (→DEG offers financing, advice and support to private sector enterprises operating in developing and emerging-market countries) in donor or third countries. For the rationale see answer to question no.18.</p>

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

The decision, to involve an intermediary depends on various aspects and is taken on a case-by-case basis. When designing a project, the guiding principle is how we can best achieve the envisaged development policy goals, taking into account all internal guidelines of KfW and external requirements of the commissioning ministry as well as legal and regulatory requirements. Various aspects play a role here, e.g. the nature of budget funds received by the government (is the purpose to promote a specific country or several countries in a specific region), or where to find an appropriate project executing agency (PEA) in the target countries that is suitable to implement the project in the intended way and in an efficient and sustainable manner. Although, our primary objective is to implement our projects in the target country or region via an appropriate local partner, there might be good reasons for specific activities, to channel funds through an intermediary in donor or third countries, e.g.:

- Legal framework and regulation: local law and regulation mechanism in target regions does not permit to setting up a legal entity for the envisaged purposes
- In order to mobilise private capital, private and institutional investors expect the PSI to be based in a country that meets European regulatory standards.
- Compliance: e.g. high corruption risk (money laundry) in targeted countries, EU list of non-cooperative jurisdiction for tax purposes (Black-list or Grey list countries)
- Political Aspects: e.g. need of a neutral party outside the target regions due to regional conflicts
- Strong PEA: e.g. professional, reliable intermediary with a good track record with high regional expertise and established business relationships in various regions
- Economic aspects: good credit rating, risk diversification, cost efficiency

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

All ODA-activities reported by KfW Development Bank (regardless, whether PSI or not) are untied. PSI are not always bound to specific procurement guidelines but mainly in the responsibility of the private investors acting in their specific markets. Although PSI have to fulfill specific conditions of the financing agreements, such as eligibility criteria, sanction mechanisms, environmental, health and safety standards, etc., detailed procurement regulations are not applied in each and any case. The PSI operators may establish contracts with service providers or contractors within the defined scope of the PSI vehicle independently.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

	Score
<p>Yes.</p> <p>For each new project to be financed with German government funds, a so-called project proposal, is submitted to the responsible ministry - usually BMZ - to assess its ODA eligibility. Based on this project proposal, the responsible ministry examines whether KfW is given a mandate to enter into contract negotiations for the implementation of the proposed project.</p> <p>Within the framework of the project proposal, the additionality of the project is also examined and presented to the Ministry. The assessment is carried out based on defined criteria.</p> <p>The following points are examined within the framework of financial additionality:</p> <ul style="list-style-type: none"> • Refinancing situation of the investee (i.e. analysis whether the investee has opportunities to obtain financing elsewhere, e.g. whether - national or international - commercial banks are prepared to grant a loan or whether commercial investors would invest) • Capital market situation in the country of domicile of the investee and / or in the countries in which the investee invests (including the financing possibilities of specific sectors and market segments) • Participation of other donors • Mobilisation of private capital <p>The mobilisation of private capital is of particular importance. In the context of FC equity finance, a project typically only is approved by the mandating ministry if, among other things, it has the mobilisation of private capital as a developmental objective.</p> <p>The following mechanisms are mandatory for achieving value additionality:</p> <ul style="list-style-type: none"> • Assumption of a committee mandate in the bodies of the investee (e.g. Board of Directors, Investment Committee, Advisory Committee). 	<p>1</p>

<ul style="list-style-type: none"> • Compliance with the relevant procurement guidelines for German Financial Cooperation • Compliance with Environmental, Social & Governance Requirements for German Financial Cooperation • Comprehensive environmental and social impact assessment of the project in line with German Financial Cooperation requirements <p>In addition, the following points must be examined as part of the project proposal, which also examine the development additionality of the project:</p> <ul style="list-style-type: none"> • Problem and potential analysis related to the specific project • Financing needs for the program objective in the target region • Target group analysis • Other development measures in the target region. 	
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21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

<p>Yes.</p> <p>As part of the preparation of the project proposal, possible market distortions are also addressed under the section "Problem and potential analysis". In particular, the existing financing options of partner institutions or the respective capital market in the target region are analyzed, among other things, the current market conditions are also presented. The project may only be continued if no market distortions are apparent.</p>	<p>Score</p> <p>1</p>
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22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

<p>Yes.</p> <p>The commercial sustainability and profitability of the investee is assessed in the annex "Project Executing Agency Analysis", which is mandatory for each project proposal. In this context, the "Project Executing Agency" refers to the investee.</p> <p>The following sub-headings form a binding structural template for the project proposal standard annex "Project Executing Agency Analysis".</p> <ol style="list-style-type: none"> (1) Institutional context and legal framework (Appraisal of the appropriateness of the legal framework and the institutional context with regard to the performance of the project-specific tasks) (2) Organizational capacity (Appraisal of the appropriateness of the institution's organizational structure with regard to the performance of its project-specific, temporary, or permanent tasks) (3) Human capacity (Appraisal of the appropriateness of the quantitative and qualitative staffing with regard to the performance of its project-specific, temporary, or permanent tasks) (4) Economic performance (Appraisal of the appropriateness of the economic capacity of the institution with regard to the provision of its core services and with regard to the performance of its project-specific, temporary, or permanent tasks) (5) Summary of the appraisal and consequences for the design of the FC project (Summary of the appraisal of the institution(s)'s suitability to perform the functions that are planned to be assigned to it or them in the project, and identification of the main risks and of any necessary risk-limiting measures) <p>Under (4), the economic viability of the investee is examined intensively as part of the analysis.</p> <p>The main focus is on the following points:</p> <ul style="list-style-type: none"> • Equity capitalization • Refinancing (i. e. analysis on how the investment company has financed itself to date, e.g. via national or international commercial banks, other donors, private investors, etc.) • Assets • Investment portfolio of the fund • Earnings (profit situation) • Liquidity 	<p>Score</p> <p>1</p>
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23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

	Score
<p>Yes.</p> <p>An appraisal guideline for the portfolio managers is to be used for the preparation of the project proposal, which also describes the criteria for the additionality of a project. In addition, there are special working instructions for assessing the ODA criteria. Responsibility for the appraisal guidelines and the working instructions lies with the Policy Department of KfW Development Bank. The staff responsible for these documents has special acknowledgment of ODA eligibility. Both the appraisal guideline and the special working instructions are reviewed at least once a year to ensure that they are up to date, and also on an ad hoc basis if necessary.</p>	1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

	Score
<p>Yes.</p> <p>As already mentioned, additionality is assessed for the first time during the preparation of the project proposal using the criteria mentioned in questions 20 and 22. This is thus an ex-ante consideration.</p> <p>During the project cycle, an annual report is submitted to the mandating ministry. During this, it is also examined whether the prerequisites presented in the project proposal are still fulfilled. In particular, it is reported whether the criteria for value additionality have been implemented or achieved. Due to constantly changing market conditions, less attention is paid to financial additionality, as this can no longer be reasonably assessed after the contract has been signed. Nevertheless, financial additionality will continue to be observed in the further course of the project as part of regular project monitoring. In the event of a negative change, potential investments in subsequent phases or top-ups are ruled out.</p> <p>At the end of the project cycle, a final report is made to the mandating ministry, which in turn addresses the achievement of the objectives and thus also value additionality.</p> <p>In addition, a final evaluation is carried out by an independent department of KfW Development Bank for a sample of projects. The additionality of a project is also assessed in this context. These projects are analyzed based on six key criteria (relevance, coherence, effectiveness, efficiency, overarching developmental impact and sustainability) agreed upon by the international community of donors as represented by the DAC of the OECD. The additionality of a project is also addressed in this evaluation.</p>	1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

<p>No collaborations within KfW Development Bank.</p> <p>KfW IPEX-Bank, a fully owned subsidiary of KfW, is responsible for the Export and Project Finance business area within the KfW Group. Cooperation with export credit agencies takes place exclusively in this business area. For details on KfW IPEX Bank: Export Finance Project Finance (kfw-ipex-bank.de)</p> <p>For this reason, KfW Development Bank does not expect to co-operate with export credit agencies in the future.</p>

Japan: Japan International Cooperation Agency: Private Sector Investment Finance (JICA PSIF)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Name: The Incorporated Administrative Agency-Japan International Cooperation Agency
Abbreviation: JICA
Year of establishment: October 1, 2003

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

If there were capital increase for PSI activities of JICA, the ODA coefficient would have been 100% because JICA extends our PSI activities based on "Act of the Incorporated Administrative Agency-Japan International Cooperation Agency" (hereinafter referred to as "JICA Act") (please see our answer to Question 7) which requires all financing activities of JICA to have development and financial additionality and be provided in countries and territories on the DAC List of ODA Recipients.

PSI activities of JICA restarted in 2012 and has never received capital increase from the government of Japan. At the beginning of the PSI activities (we call it Private Sector Investment Finance: PSIF), the government of Japan allowed JICA to reallocate some portion of JICA's own equity to PSIF. This equity reallocation was accounting transaction without cash transfer, therefore, not was reported in ODA statistics.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	284,416 million JPY	0
Other	0	0

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

Yes

Pursuant to JICA Act (please see our answer to Question 7.), JICA provides PSIF only for projects locating in ODA recipient countries. Financing to countries other than ODA recipients will be rejected through approval process. This restriction is applied to location of projects where our funding is used, but not for location of borrower/investee.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

This question is not applicable to JICA

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

JICA houses both PSI arm and Sovereign lending arm in one organization. Regarding the finance to official sector entities, PSI arm can finance State Own Enterprises, on the other hand, sovereign lending arm finances central government and municipalities according to the demarcation given in the JICA Act. All finances to official sector entities by JICA are ODA in principal.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

All finances made by JICA fulfill the following criteria for ODA coefficient calculation.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

Score

<p>Yes</p> <p>According to the "Act of the Incorporated Administrative Agency-Japan International Cooperation Agency", JICA's objective is stipulated as follow.</p> <p>The objective of the Incorporated Administrative Agency - Japan International Cooperation Agency (hereinafter referred to as the "Agency") is to contribute to the promotion of international cooperation and to the sound development of Japan and the international socioeconomy by contributing to <u>the development or reconstruction of the economy and society, or economic stability of overseas regions which are in the developing stage (hereinafter referred to as the "Developing Area")</u> through the operations necessary for implementation of technical cooperation, implementation of <u>cooperation through finance and investment</u> or grant and promotion of the citizens' cooperation activities toward the residents of the Developing Area; operations necessary for settling down of the emigrants to Central and South American area, etc.; and operations necessary for emergency assistance against large-scale disasters in the Developing Area, etc.</p> <p>Also, the mission statement of JICA sets its development purpose as follow.</p> <p>Mission</p> <p>JICA, in accordance with the Development Cooperation Charter, will work on human security and quality growth.</p> <p>https://www.jica.go.jp/english/about/basic/vision/index.html</p>	1
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- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

<p>Yes</p> <ul style="list-style-type: none"> - The national government establishes the JICA Act which gives JICA the development mandate. - The Ministry of Foreign Affaires creates the Development Cooperation Charter which JICA needs to follow. <p>https://www.mofa.go.jp/policy/oda/page24e_000410.html</p>	<p>Score</p> <p>1</p>
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- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

<p>Yes</p> <p>The article 14 of JICA Act stipulates the necessity of the additionality and non-market distortive nature of the private sector instruments as follow. The clauses (1) and (2) relate to additionality and the clause (3) relates to financial self-sustainability.</p> <p>(1) With respect to the operations prescribed in item (ii) of paragraph (1) of the preceding Article, the Agency <u>shall supplement or encourage the lending of funds or investment conducted by ordinary financial institutions and shall not compete against them.</u></p> <p>(2) The Agency may perform the operations prescribed in item (ii) of paragraph (1) of the preceding Article <u>only when the lending of funds or investment by ordinary financial institutions on ordinary terms is deemed difficult.</u></p> <p>(3) The Agency may perform the operations prescribed in item (ii) of paragraph (1) of the preceding Article only when <u>the project plan</u> for Development Projects or of the plan concerning economic stabilization under clause (a) of said item <u>is appropriate, and there is a prospect of their accomplishment.</u></p>	<p>Score</p> <p>1</p>
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8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

<p>Yes</p> <p>JICA developed internal check and balance mechanism to ensure that the development objectives are pursued in effect. For example, the origination team in Private Sector Partnership and Finance Department must obtain approval by Operations Strategy Department with regard to whether a development objective of a project is accountable enough or not. Also, Private Sector Investment projects need to pass investment committee, board meeting and president approval process. During this process, development objectives of a project are well scrutinized.</p>	<p>Score</p> <p>1</p>
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9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
<p>Yes</p> <p>For every PSIF project, before and after financial appraisal by JICA, JICA is asked to explain project outlines and results of its appraisal to the Japanese government, and development additionality is confirmed by the government (MOFA, MOF).</p>	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

100% owned by the government of Japan

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No. According to the JICA Act, JICA is supposed to accumulate operational profit, if any, as a (internal) reserve fund.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
<p>Yes</p> <ul style="list-style-type: none"> - JICA sets two areas of PSIF operation. The main objective of individual activities must be one of these development agenda. <ol style="list-style-type: none"> 1. SDGs (Sustainable Development Goals) including poverty alleviation and climate change response 2. Infrastructure and growth acceleration - Target countries of PSIF are ODA eligible countries only. - JICA reviews the development focus of each individual activity through the following internal approval process. <ul style="list-style-type: none"> - Due Diligence - Investment committee - Board meeting - President approval 	1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes</p> <ul style="list-style-type: none"> - JICA adopts the DAC six evaluation criteria which are RELEVANCE, COHERENCE, EFFECTIVENESS, EFFICIENCY, IMPACT and SUSTAINABILITY. - JICA conducts ex-ante evaluation for all individual PSIF projects. - In the evaluation, the alignment with the specific needs of individual recipient countries will be assessed under the item of RELEVANCE. <p>Example of ex-ante evaluation (Quang Tri Province Onshore Wind Power Project) https://www2.jica.go.jp/en/evaluation/pdf/2021_0913_1_s.pdf</p>	1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
Yes	1

- JICA adopts the DAC six evaluation criteria which are RELEVANCE, COHERENCE, EFFECTIVENESS, EFFICIENCY, IMPACT and SUSTAINABILITY.
- JICA conducts ex-ante evaluation for all individual PSIF projects.
- In the evaluation, development impacts of individual activities will be assessed under the items of EFFECTIVENESS and IMPACT.

Example of ex-ante evaluation (Quang Tri Province Onshore Wind Power Project)
https://www2.jica.go.jp/en/evaluation/pdf/2021_0913_1_s.pdf

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

Yes.

JICA is one of signatories of OPIM*. The development impact framework of JICA is reviewed and kept up to date in accordance with the OPIM.

See the link below

https://www.jica.go.jp/activities/schemes/finance_co/_icsFiles/afidfile/2024/01/19/20230117.pdf

* OPIM is an abbreviation of "Operating Principles for impact management". The Impact Principles are a framework for investors for the design and implementation of their impact management systems, ensuring that impact considerations are integrated throughout the investment lifecycle. Please see the website of OPIM ([Invest for Impact | Operating Principles for Impact Management \(impactprinciples.org\)](https://www.impactprinciples.org)) for more detail.

Score

1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

Yes. Please see our answers to 13. and 14.

Score

1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

- PSIF origination is open to all nationalities, and borrowers/investees can be Japanese or third countries', as far as projects locate in developing areas.
- As a result, nationalities of our borrowers/investees are quite diverse.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

- As we answered to question 17, PSIF origination is open to all nationalities as far as projects locate in developing areas.
- As a consequence, our borrowers and investees are geographically diverse.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

JICA's PSIF is open to all nationalities as long as the project has development objectives and will be implemented in ODA eligible countries. Also, most of JICA's private sector financing operations are co-financings with MDBs or DFIs. JICA's appetite for co-financings is primarily for facilitating origination and coordination. However, as a secondary effect, it functions as an effective element to ensure that JICA's investments do not favor/prioritize Japanese content and companies because MDBs and DFIs as arrangers of financing projects do not favor/prioritize Japanese content and companies. As a result, Japanese Borrowers'/ Investee's is only one (1) out of 44 projects in the past 3 years.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

Score

Yes <ul style="list-style-type: none"> - In principal, JICA's investments need to fulfill the ODA requirement. - According to JICA Act article 14. JICA is allowed to finance "only when the lending of funds or investment by ordinary financial institutions on ordinary terms is deemed difficult". JICA reviews the financial and value additionality of individual projects in line with the legal requirement. - In addition, most of our investments are co-investments with MDBs or DFIs. The additionality of the co-investment projects is reviewed also by co-investors. 	1
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21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

Yes <ul style="list-style-type: none"> - According to JICA Act article 14. JICA "shall supplement or encourage the lending of funds or investment conducted by ordinary financial institutions and shall not compete against them". In line with this instruction, JICA's internal reviewing mechanism including investment committee, board meeting, president approval process, addresses potential market distortions in line with the legal requirement. - In addition, as most of our investments are co-investments with MDBs or DFIs, potential market distortive practices will be avoided by the peer pressure from these co-investors. 	Score 1
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22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

Yes. <ul style="list-style-type: none"> - JICA is required to evaluate the commercial sustainability of individual investments in the statement of operational procedures provided by the government of Japan - JICA's assessment for individual activities includes, but not limited to, the following items. <ul style="list-style-type: none"> - Scope and technical feasibility - Fixed investment amounts - Lifetime cashflow projection - Demand projection, pricing - Evaluation of off taker - Procurement plan - Cost for interest payment, O/M, tax, land acquisition etc. - Dividend distribution policy - Financing Plan - Implementation structure and related contracts - KPIs including financial KPIs - PSI activities of JICA is accounted in the "Accounts for Finance and Investment" which account both sovereign loan and PSI. The account needs to be audited bi-annually. 	Score 1
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23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Yes JICA is one of signatories of OPIM*. The additionality framework reviewed and kept up to date in accordance with the OPIM. See the link below <ul style="list-style-type: none"> - https://www.jica.go.jp/activities/schemes/finance_co/_icsFiles/afieldfile/2024/01/19/20230117.pdf * OPIM is an abbreviation of "Operating Principles for impact management". The Impact Principles are a framework for investors for the design and implementation of their impact management systems, ensuring that impact considerations are integrated throughout the investment lifecycle. Please see the website of OPIM (Invest for Impact Operating Principles for Impact Management (impactprinciples.org)) for more detail.	Score 1
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Score

<p>Yes</p> <p>JICA implements ex-ante evaluation for every project. You can find ex-ante evaluation in the attached project list. Ex-ante evaluation is the summary of appraisal result, and are made public on JICA's web site after JICA's commitments on finance (loan / investment agreement signing)</p>	1
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

JICA do not seek collaborations with national other export credit agencies although there are a few unintended co-financings. As far as we know, JICA has only 5 co-investment activities with national and other export credit agencies as of the end of Japanese FY2022. Total number of JICA financing projects is 81. So, the probability of co-financing with national export credit agencies is only 1% (1 out of 81) and that with other export credit agencies is 5% (4 out of 81).

JBIC (1)

[Additional fund investment for microfinance institutions targeting women's empowerment -Contributing to the improvement of financial access and poverty reduction for women in Asia- | Press Releases | News & Features | JICA](#)

Export Finance Australia (1)

[Signing of a loan agreement for the Quang Tri Province onshore wind power project in Vietnam \(Private Sector Investment Finance\) | Press Releases | News & Features | JICA](#)

the Export-Import Bank of Thailand (Thai EXIM) (3)

[Signing of loan agreement for "Monsoon Wind Power Project" in Laos \(Private Sector Investment Finance\) | Press Releases | News & Features | JICA](#)

[Signing of a loan agreement for the Smart Ferry project along Chao Phraya River in Thailand \(Private Sector Investment Finance\) | News & Media - JICA](#)

[Signing of a Loan Agreement for the Kom Ombo Solar Power Project in Egypt \(Private Sector Investment Finance\): Contributing to climate change mitigation by increasing the 500 MW renewable energy supply | Press Releases | News & Features | JICA](#)

Korea: Economic Development Cooperation Fund (EDCF)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Full official name of the institution: The Export Import Bank of Korea (KEXIM)*

* KEXIM operates EDCF entrusted by the Ministry of Economy and Finance (MoEF) of Korea.

Full name of PSI Vehicle: Economic Development Cooperation Fund (EDCF)

Year of Establishment of EDCF: 1987

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

The expected ODA coefficient of EDCF is 100%. EDCF supports a project only in the DAC List of ODA recipient countries when i) the main objectives of such project are economic development and welfare of developing countries as well as ii) the financial/value additionality of a project is verified along with development additionality.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023*	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	100%	0
Other	0	0

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

Yes. EDCF announces and updates the list of EDCF eligible countries every year, which are selected from the DAC List of ODA recipients.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Yes. EDCF verifies the eligibility of recipient countries during the project identification or pre-appraisal stage. EDCF would likely to invest in shares in CIVs and it is expected that EDCF will negotiate in advance the conditions under which it must invest in ODA eligible countries.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

No information available.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

EDCF does not support non ODA-eligible activities.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles’ statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

Yes. The EDCF Operation and Management Regulation governed by EDCF Management Committee clearly states that EDCF shall support private sectors in the following areas but not limited to Environment & Climate change, SMEs, Gender Equality, Microfinance and Healthcare; and the project’s main objectives shall be promoting economic development and welfare of developing countries. Accordingly, under the EDCF Operation and Management Regulation, EDCF can provide funds to the private corporations of partner countries directly through Private Sector Loan or through financial intermediaries, called Private Sector Two-step Loan.	Score 1
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- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

Yes. The MoEF is responsible for the overall management of the EDCF and chairs the EDCF Management Committee, which is constituted of 13 ministerial-level government officials, to deliver important policy directions and strategies. In accordance with the set of directions* approved by the Committee, EDCF develops strategies and strives its effort to provide various types of financial supports for the private sector in developing countries. * Strengthening EDCF’s Role in PSD (Aug 2022) and Revision of the EDCF Operation Policy (Feb 2024)	Score 1
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- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Yes. In accordance with the Economic Development Cooperation Fund Act Article 8, assistance from the fund shall be made available only in cases where it is deemed difficult to obtain financial support from KEXIM or other banks under ordinary terms and conditions. Accordingly, EDCF assesses additionality during the project identification stage by confirming the commercial viability of projects with KEXIM and provides financing that is not available in the market from commercial sources on reasonable terms and conditions.</p> <p>Moreover, EDCF ensures the fund's self-sustainability by conducting thorough due diligence, including but not limited to the borrower's operation and management capacities, funding structures and debt repayment capacity. Based on the credit assessment and further analysis, EDCF accumulates an adequate amount of allowance for bad debts to secure the fund's financial sustainability</p>	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes. Under the EDCF's own Evaluation Guideline and the General Evaluation Guideline for all ODA Projects directed by the Korean Government, EDCF assesses and verifies development objectives for all projects throughout the entire project lifecycle.</p> <ul style="list-style-type: none"> • (Project Preparation and Appraisal) EDCF establishes the Logical Framework for every project to measure the development impacts both quantitatively and qualitatively. The Logical Framework shows project outputs, outcomes and impacts and set the baseline for every indicator to monitor the development effects and measure them. • (Project Implementation) Based on the Logical Framework already set up, EDCF monitors project implementation status as well as the fulfillment of established goals by receiving the periodic monitoring reports issued by the borrower and/or project executing agency pursuant to the signed Loan Agreement. • (Post-Project Completion) EDCF Evaluation Office conducts evaluation on the development impacts of most projects and shares knowledge or lessons learned during the monitoring and evaluation process with project operation teams in order to improve the overall performance and quality of ongoing and future projects. 	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
<p>Yes. EDCF is 100% government owned fund which is managed by the MoEF. The MoEF chairs the EDCF Management Committee, which is constituted of 13 ministerial-level government officials, to deliver important policy directions and strategies. In accordance with the set of directions* approved by the committee, EDCF develops strategies and strives its effort to provide various types of financial supports for the private sector in developing countries.</p> <p>* Strengthening EDCF's Role in PSD (Aug 2022) and Revision of the EDCF Operation Policy (Feb 2024)</p>	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

EDCF is 100% government owned fund.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No. EDCF does not extend any dividends.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

<p>Yes. EDCF can support projects only when the primary objective of such projects contributes to the economic development and welfare of developing countries. During the project preparation and appraisal stage, EDCF identifies and establishes development goals through the Logical Framework and monitors the fulfillments of those goals during the project implementation to ensure that the development objectives are pursued in effect.</p>	<p>Score 1</p>
<p>13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).</p>	<p>Score 1</p>
<p>Yes. EDCF develops its own Country Assistance Plans (CAP) for individual partner countries aligned with Country Partnership Strategy (CPS), a medium-long term strategy established by the Committee for International Development Cooperation (CIDC) of the Korean government. In private sector, EDCF focuses on several priority areas, including but not limited to Environment & Climate change; SMEs; Gender Equality; Microfinance and Healthcare, and plans to selectively support countries with significant needs.</p> <p>The CPS is developed by the Committee for International Development Cooperation (CIDC), in close communication with the governments of each partner country. During dialogue, both entities carefully prioritise sectors that are not only in line with the national development strategies, but also promote the private sector in developing countries.</p>	
<p>14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).</p>	<p>Score 1</p>
<p>Yes. Under the EDCF's own Evaluation Guideline and the General Evaluation Guideline for all ODA Projects directed by the Korean Government, EDCF assesses and verifies development objectives for all projects throughout the entire project lifecycle.</p> <ul style="list-style-type: none"> ● (Project Preparation and Appraisal) EDCF establishes the Logical Framework for every project to measure the development impacts both quantitatively and qualitatively. The Logical Framework shows project outputs, outcomes and impacts and set the baseline for every indicator to monitor the development effects and measure them. ● (Project Implementation) Based on the Logical Framework already set up, EDCF monitors project implementation status as well as the fulfillment of established goals by receiving the periodic monitoring reports issued by the borrower and/or project executing agency pursuant to the signed Loan Agreement. ● (Post-Project Completion) EDCF Evaluation Office conducts evaluation on the development impacts of most projects and shares knowledge or lessons learned during the monitoring and evaluation process with project operation teams in order to improve the overall performance and quality of ongoing and future projects. 	
<p>15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.</p>	<p>Score 1</p>
<p>Yes. EDCF's development impact framework is called the 'Logical Framework' and as it was already explained in Q8 & Q14. Once the Framework is established, EDCF monitors and reviews the development goals during the project implementation and sometimes revises the Framework if needed. Eventually EDCF evaluates development impacts and shares knowledge or lessons learned during the monitoring and evaluation process to improve the overall performance and quality of ongoing and future projects.</p>	
<p>16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.</p>	<p>Score 1</p>
<p>Yes. EDCF establishes the Logical Framework for individual investment to measure the development impacts both quantitatively and qualitatively during the project identification and preparation prior to the loan approval. Moreover, EDCF utilizes OECD DAC Policy Markers (Rio, Gender, Policy, etc.) and assesses-assumed contribution of SDGs of the project as a part of mandatory loan appraisal process.</p> <p>Even if the project does not target any of the OECD DAC policy objectives, EDCF still support projects when the primary objective of such projects contributes to the economic development and welfare of developing countries.</p> <p>Assessment of OECD markers and SDG contributions are conducted as 'supplementary' process that enables identification of project's development impacts in more comparable and explicit terms</p>	

During project preparation and appraisal stage, the EDCF establishes the Logical Framework for every project to measure the development impacts both quantitatively and qualitatively.

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Not applicable.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

EDCF is considering support for private sectors through financial intermediaries in areas like Environment & Climate change; SMEs; Gender Equality; Microfinance and Healthcare, which can lead to the economic development and welfare of developing countries.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

EDCF promotes a de facto untied nature of the investment activities through implementing ex-ante mechanism. During the project identification stage, EDCF examines possible contractors and beneficiaries of all projects and excludes those Korean companies or local companies which have the export-import contracts with Korea.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

Score
1

Yes. In line with the EDCF's Project Appraisal Guideline, EDCF conducts an ex-ante screening process through preliminary questionnaire to potential borrowers to ensure its activities contain sufficient additionality. If passes this screening, EDCF reviews the following additionality thoroughly during loan appraisal to verify them.

- (Financial additionality) EDCF checks out i) availability of other commercial funding and comparison of loan terms and conditions, ii) economic/financial/technical feasibility and others.
- (Value additionality) EDCF checks out i) positive environment and social impacts, ii) non-financial risk mitigation effect, and iii) any other technical assistance or advisory.

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

Score
1

Yes. In line with the EDCF's Project Appraisal Guideline, EDCF greatly reduces potential market distortion by only supporting projects proven to bring additionality through preliminary questionnaire to potential borrowers at the initial project identification stage.

- (Financial additionality) EDCF aims to reduce potential market distortion by providing funds only when the project has less bankability, thus not available to be financed in the commercial market.
- (Value additionality) EDCF aims to provide non-financial values such as enhancing ESG standards or technology transfer to developing countries by delivering positive environment and social impacts and strengthening capacity of the partner countries.

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

Score
1

Yes. EDCF verifies the commercial sustainability of individual project by undertaking thorough due diligence procedure. In accordance with the EDCF's Project Appraisal Guideline, EDCF reviews and assesses the political and economic condition of the recipient country, relevance of the project to country's development plans, borrower's financial status, operation and management abilities, funding structures, economic/financial/technical feasibility and others.

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Yes. Same as reviewing the development impact, the additionality is also reviewed and kept up to date using the Logical Framework and EDCF's Evaluation Guideline. During project implementation, EDCF monitors the development impact including the additionality to improve the overall performance and feedback the monitoring results to increase the quality of ongoing and future projects.	Score 1
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Yes. Under the EDCF's Evaluation Guideline of EDCF, EDCF checks additionality throughout the entire project cycle by establishing the Logical Framework.	Score 1
<ul style="list-style-type: none"> ● (Ex-ante) EDCF verifies the commercial viability of projects through confirmation from KEXIM, which is Korea's official export credit agency and provides financing only when commercial sources are not available in the market. ● (Project Appraisal) EDCF verifies economic/financial feasibility and assesses environmental and social impacts and other aspects to ensure that project has both financial and non-financial additionalities. ● (Project Implementation) EDCF monitors the fulfillment of established development goals and additionality outlined in the Logical Framework based on the periodic monitoring reports issued by relevant stakeholders. 	

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

<ul style="list-style-type: none"> ● (Rationale) EDCF closely collaborates with Korea's export credit agency because KEXIM is the entrustee of EDCF. ● (Modality) EDCF operates a quarterly working group with KEXIM to develop and identify potential blended finance projects. ● (Scope) To support private sector development, EDCF is collaborating with KEXIM's development finance function such as the Oversea Business-Related Loans.
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Korea: Economic Development Promotion Facility (EDPF)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

The Export Import Bank of Korea ("KEXIM") introduced an untied concessional loan facility named the Economic Development Promotion Facility ("EDPF") in 2017.

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

Since the EDPF follows KEXIM's Regulations on EDPF Operation ("EDPF Regulations") which stipulate ODA requirements for the EDPF financing, it ensures a **100% ODA coefficient**.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
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Allocated to countries and territories on the DAC List of ODA Recipients	USD 1,103,411.75	n/a
Other	n/a	n/a

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

Pursuant to provisions of the **EDPF Regulations**, EDPF is available only for **development projects in ODA-eligible countries defined by OECD/DAC**.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Not applicable to EDPF (EDPF is not a newly established or restructured PSI vehicle).

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

EDPF is extended **beyond the private sector** as long as the recipient and the project **satisfy ODA eligibility requirements**. EDPF financing is provided for **infrastructure projects implemented by official sector entities meeting ODA requirements**.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

EDPF does **not support non ODA-eligible activities**.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

In accordance with **Section 5, Article 18 of the Export-Import Bank of Korea Act and the EDPF Regulations**, all projects financed by EDPF must **contribute to the industrial and economic development as well as welfare of partner countries**.

Score

1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

The Korean government defines the purpose of its international development cooperation efforts in the Framework Act on International Development Cooperation, to which KEXIM's EDPF financing adheres. Moreover, the government formulates ODA policies and implementation plans through the Committee for International Development Cooperation ("CIDC") of which KEXIM is a member. Aligned with the development purpose and ODA policies presented by the Korean government, KEXIM operates EDPF as an ODA fund.

Score

1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

To **prohibit market distortive activities and ensure additionality**, EDPF established the 『**Guidelines for Assessment and Evaluation of Additionality for EDPF**』. Apart from these internal guidelines, KEXIM, as the EDPF operating agency with an official banking license in Korea, is subject to supervision by the Financial Supervisory Service, an official financial supervisory authority of Korea, complying with national and international banking regulations, including BASEL III standards (i.e. the ratio of equity capital to risk-weighted assets, the forward-looking criteria applicable to assets, the ratio of current assets to current liabilities, etc.).

Score

1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

<p>KEXIM approves EDPF loans or revises important details thereof in its top-level committee consisting of high-level government officials and civilian experts ("Operations Committee"). When approving an EDPF funded project, the Operation Committee examines whether the project aligns with the development purpose of the government. In addition, EDPF evaluates the development impacts of each EDPF-funded project in accordance with KEXIM's Regulations for Project Evaluation and the government's ODA Evaluation Guidelines.</p>	<p>Score</p> <p>1</p>
<p>9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.</p>	<p>Score</p> <p>1</p>
<p>The Ministry of Economy and Finance of Korea ("MoEF"), responsible for bilateral ODA loan programs of Korea, is involved in establishing EDPF operation strategies, including making decisions on key financing directions, modalities and priority sectors/regions. While KEXIM manages the daily operations of EDPF, Korea's MoEF subsidizes EDPF by covering the difference between KEXIM's funding costs and the interest rates on EDPF loans. As a result, EDPF aligns closely with the development strategies of MoEF and the Korean government.</p>	<p>Score</p> <p>1</p>
<p>10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.</p>	<p>Score</p> <p>1</p>
<p>As of December 2023, the Korean government directly and indirectly holds full ownership of KEXIM. To be more specific, the government directly owns a 73.02% stake, and holds an additional 19.09% through Korea Development Bank, a fully government-owned entity. The remaining 7.89% of shares are owned by the Bank of Korea, Korea's central bank.</p>	<p>Score</p> <p>1</p>
<p>11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.</p>	<p>Score</p> <p>1</p>
<p>The profits of EDPF are basically returned to the government treasury, as they are distributed to the government as a shareholder. In turn, the government subsidizes the interest rate difference for EDPF financing which enables EDPF to extend ODA funds at concessional rates to borrowers.</p>	<p>Score</p> <p>1</p>

C. Development focus, impact and due diligence

<p>12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.</p>	<p>Score</p> <p>1</p>
<p>The EDPF Regulations stipulate that EDPF projects must contribute to the economic development of partner countries. To ensure this, EDPF assesses the impacts of individual projects on economic development and welfare in partner countries. In this regard, EDPF employs the Logical Framework, a matrix outlining key project elements and expected performance throughout the project period, to analyze potential development impacts and to make sure these development impacts are realized. Furthermore, in close consultation with project parties and stakeholders, major project effects and development outcomes are pre-examined, tracked and evaluated through performance indicators and targets in the Logical Framework to determine whether these development impacts align with the partner countries' development focus and strategies.</p>	<p>Score</p> <p>1</p>
<p>13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).</p>	<p>Score</p> <p>1</p>
<p>As an ODA instrument, EDPF financing is closely aligned with Korea's Country Partnership Strategy ("CPS"), which is a medium and long-term ODA strategy established by the Korean government in consultation with major partner countries. During the preparation process, the Korean government holds numerous discussions with partner countries at the inter-governmental level to identify their development needs and objectives. This helps to shape Korea ODA's strategic focus, maximizing ODA effectiveness and ensuring sustainable development outcomes. CPS also outlines comprehensive ODA strategies aimed at private sector investment, addressing the demands of local markets and private stakeholders.</p>	<p>Score</p> <p>1</p>
<p>14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).</p>	<p>Score</p>

EDPF evaluates the **development impacts of each EDPF-funded project** in accordance with **KEXIM's Regulations for Project Evaluation and the government's ODA Evaluation Guidelines**.

: Before **approving each project**, the **Logical Framework** is used to **define performance indicators and targets**. This framework is a matrix **summarizing key project elements and expected performances** at each stage, and analyzes potential development impacts. **Performance indicators** are set with a focus on alignment with partner countries' development strategies, contribution to their development plans, and project effectiveness and sustainability.

: Furthermore, **during the interim and final evaluations**, the **progress is reviewed** through periodic borrower and/or third-party expert reports.

: **After completion**, KEXIM's EDPF Evaluation Department conducts an **ex-post evaluation** against its pre-established objectives with the help of external experts, **and the lessons learned are shared with relevant EDPF departments**. Additionally, KEXIM submits an **annual self-evaluation report to the Korean government**.

1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

EDPF **tracks the progress of development impact targets set in the Logical Framework**, through periodic reports from borrowers and/or external experts during interim reviews and completion evaluations. **The Logical Framework may also be adjusted** as needed based on these reviews. In particular, **ex-post evaluations**, an independent third-party expert **verifies the achievement of the targets in the Logical Framework**. Their feedback and overall project evaluation results are used **for future project improvements**.

Score

1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

EDPF provides loan financing only to **development projects that aim to promote economic development and improve welfare in developing countries**. During its preliminary assessment, EDPF **carefully examines the potential development impacts of project implementation** and develops relevant indicators and targets in the Logical Framework to monitor project performance. **This ensures development objectives are achieved from both medium and long-term perspectives**.

Score

1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

EDPF loans are provided on an untied basis, **regardless of the participation of Korean or other specific national companies**.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

Not applicable to EDPF.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

EDPF loans are **untied loans** in accordance with the EDPF Regulations.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

EDPF identifies and assesses **additionality through ex-ante, mid-term and ex-post evaluations in accordance with the Guidelines for Assessment and Evaluation of Additionality for EDPF**.

: **During the ex-ante evaluation stage**, it determines the necessity of EDPF financing for a particular project and aims to secure evidence of additionality by having borrowers (or a major sponsor) **complete a pre-questionnaire during the due diligence process**. Furthermore, it **reviews the expected financing conditions of commercial financiers** to determine whether the project would be considered commercially unviable without EDPF's concessional financing and **identifies EDPF's possible contributions to creating better project outcomes**. (e.g., strengthening E&S standards, improving project implementation capacity, or contributing to social initiatives)

: **During project implementation**, it monitors whether **additionality has been realized and sustained** based on periodic reports issued by borrowers or third-party experts.

: **After project completion**, the EDPF Evaluation Department **assesses additionality**, focusing on financial aspects but primarily on value and/or development additionality, **along with overall development impacts**. **Lessons learned are used to enhance the performance of future projects and establish strategies**.

Score

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

In compliance with the Guidelines for Assessment and Evaluation of Additionality for EDPF , EDPF avoids supporting projects, which can be financed by commercial financial institutions . This is determined through financial additionality reviews and evaluations . In addition, EDPF monitors value additionality activities, such as strengthening E&S responsibility for local communities and sharing knowledge to reduce market distortion , and continuously keeps track of these activities.	Score 1
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22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

To ensure project commercial sustainability, EDPF conducts thorough due diligence on each project, verifying: - Project Structure: risk distribution among project parties, shareholding structure, etc. - Project Parties: viability of clients, credit rating, financial status, operating capacity, project experience, etc. - Financial analysis: cost and debt structure, total cost and construction budget, source of funding, financial projections, sensitivity analysis, etc. - Legal and Regulatory Considerations: relevant local laws and regulations applicable to the project, governmental approvals/permits, etc. - Others: project contracts, technical feasibility, etc. After project approval, it conducts periodic monitoring of contract status and performance throughout implementation to confirm the commercial sustainability of each project .	Score 1
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23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

: During project implementation , EDPF monitors whether additionality is realized and sustained based on periodic reports issued by borrowers or third-party experts. : Upon completion , EDPF assesses additionality , focusing primarily on value and/or development additionality, as well as financial aspects and development impacts. Lessons learned are used to enhance the performance of future projects and establish strategies .	Score 1
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

: During the ex-ante evaluation stage , EDPF determines the necessity of its financing to a particular project and aims to secure evidence of additionality by having borrowers (or a major sponsor) complete a pre-questionnaire during the due diligence process . Furthermore, it reviews the expected financing conditions of commercial financiers to see whether the project would be considered commercially unviable without EDPF's concessional financing. It also identifies EDPF's possible contributions to creating better project outcomes . (e.g., strengthening E&S standards, improving project implementation capacity, or social contributions.) : During project implementation , EDPF monitors whether additionality is realized and sustained based on periodic reports issued by borrowers or third-party experts. : Upon completion , EDPF assesses both additionality and development impacts , and makes use of the lessons learned to enhance future project performance and establish strategies .	Score 1
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

While operated by KEXIM, which is an export credit agency, EDPF is distinct from KEXIM's traditional export credit and other commercial loan programs in terms of mandate/mission, strategy and operation systems. EDPF's primary mission is fostering sustainable development in ODA-eligible countries without prioritizing Korean interests. In this regard, although it benefits from KEXIM's knowledge in terms of risk management and industrial analysis, EDPF adheres to its own regulations and decision-making processes , involving both high-level government officials and independent civil experts.	
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Luxembourg: Female Entrepreneurship Fund (submitted in 2025)

Basic identification details

26. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Female Entrepreneurship Fund (FEF) has been created in May 2024 as a sub-fund of Investing for Development SICAV (IFORD), an undertaking for collective investments under Luxembourg laws.

A. Disbursement breakdown

27. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

Female Entrepreneurship Fund (FEF) according to the Prospectus (document outlining the investment strategy), commits to contribute to the financial inclusion of women entrepreneurs in countries who are members of the Central American Integration System (SICA), specifically Guatemala, El Salvador, Honduras, Belize, Nicaragua, Costa Rica, Panama and the Dominican Republic. The objective of FEF is to contribute to the financial inclusion of women by improving their access to financial services. Thus, the applied coefficient to the most recent capital increase is 100% (all disbursements are to be allocated to ODA recipients and administered with a development motive).

The FEF works in close collaboration with a specialised and well experienced third-country or donor country service providers including an investment adviser (Total Impact Capital), who is responsible for identifying, analysing and monitoring all financial institutions financed by the FEF. Collaboration of FEF with investee companies in the SICA region to meet the development objectives of FEF is core to the investment process. The technical assistance programme which is parallel to FEF's investments reinforces the donor country collaboration.

28. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years⁸ which have been a) allocated to countries and territories on the DAC List of ODA Recipients⁹ and b) administered with the promotion of economic development and welfare of developing countries as their main objective¹⁰ and c) additional financially and/or in value, together with their development additionality.

2022-2024	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	4 million euros*	--
Other	--	--

Note: See [here](#) the DAC List of ODA Recipients for 2024-25. *: Ex-ante estimation based on FEF's strategy, mandate and objectives (newly created vehicle). As and when FEF has become operational, the Secretariat may request an updated assessment template to verify the vehicle's ODA-eligibility.

As the FEF has been created in May 2024, no investments have been carried out yet. FEF has had its first fundraising closing in 2024 where LuxDev – in its name and on behalf of the Ministry of Foreign and European Affairs, Defence, Development Cooperation and Foreign Trade (MFA) – has contributed €4 million. Investment identification and activities of the FEF, in line with its investment strategy, have started in 2025. In specific temporary situations and on an ancillary basis, in principle up to 20% of the FEF's net assets may be held in liquid assets, guarantees, or derivatives to manage risk, preserve capital, and maintain liquidity. These measures serve to protect the portfolio (i.e. to hedge

⁸ For newly established or restructured PSI vehicles, please provide ex-ante estimation of these disbursement totals based on relevant documents outlining the vehicle strategy, mandate and objectives.

⁹ In specific cases, this may also include activities extended through intermediaries in donor or third countries, provided the main objective of the financing is the promotion of economic development and welfare of ODA Recipients, and relevant due diligence has been carried out by the PSI vehicle.

¹⁰ See also specific rules on the ODA-eligibility of certain items in DCD/DAC/STAT(2020)44, paragraphs 76-135.

loans in local currencies) and do not reflect the FEF's long-term investment strategy.

29. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

In accordance with the Prospectus of FEF, the latter is authorized to invest exclusively in financial institutions in countries who are member of the Central American Integration System (SICA), specifically Guatemala, El Salvador, Honduras, Belize, Nicaragua, Costa Rica, Panama, and the Dominican Republic.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

The investment policy of the FEF only authorizes investments within the SICA region.

30. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Not applicable.

31. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not applicable.

B. Mandate, mission and ownership

32. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

The development purpose of FEF is set in the Prospectus which outlines the investment strategy, objectives and the purpose of the FEF :

- FEF's investment strategy is aligned with microfinance and financial inclusion strategies to provide access to quality financial services for excluded individuals and small and medium-sized companies to foster social and economic development.
- FEF will strive to provide tailor-made and innovative solutions to financial institutions (FIs), coupling its investments with technical support from an associated technical assistance programme. FEF aims to create permanent changes in the underwriting practices by which FIs evaluate the risk of small and medium-size enterprises led by women. FEF is dedicated to make enduring reforms in the way FIs assess the risk associated with lending to SMEs that are led by women such as gender bias and lack of collateral to help determine the terms of the loan (interest rates and repayment schedules) or whether to approve the loan at all. Doing so by implementing policies that eliminate legal barriers and promote gender equality (policy changes), providing training opportunities to enhance business skills and knowledge (training and mentorship) and developing financial models that do not rely heavily on collateral. FEF also aims to raise awareness about the biases and barriers women face and to advocate for more inclusive practices within FIs.
- The FEF aims to facilitate positive demonstration effects within financed FIs and from communicating the impact metrics collected by FEF from financed FIs. FEF aims to increase the number and volume of loans and the amount of credit that the financed FIs provide to Women SMSEs. FEF focuses on niche activities where its participation might help achieve the desired demonstration effect.

Score

1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

LuxDev and the MFA have played a key role in designing the FEF. In accordance with Luxembourg regulations on investment funds, the investment policy of the FEF could not be amended without the approval of LuxDev and the MFA.

Score

1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

The investment strategy of the FEF ensures that the private market is not crowded out. When determining interest rates, the FEF considers market rates, financial return objectives, transaction risk, and the sustainability of the rate for FIs to continue extending debt financing to women-led SMEs. Additionality, gender focus and catalytic role of financial intermediaries are assessed individually for each investment of FEF.

Score

1

33. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

FI selection is based on SME lending experience, financial soundness, and commitment to gender equality, ensuring alignment with the FEF's objectives. Evaluation considers impact—products for female entrepreneurs, credit portfolio, interest rates, and innovation—and financial alignment using credit assessments like the CAMEL rating. Due diligence includes institutional, contextual, and country analysis. The FEF is article 9 under SFDR and as such has committed to pre-contractual disclosures which are in annex of the prospectus.

Score

1

34. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

As a shareholder of the FEF, LuxDev, acting on behalf of the MFA, is entitled to several annual and semi-annual information rights such as audited annual accounts, SFDR Article 9 reports and impact reports. LuxDev is also able to follow the investment activities of the FEF via its position as a member of the Investor Committee. Furthermore, the MFA holds a position as a member of the Board of Directors of IFORD.

Score

1

35. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

The current shareholding structure of FEF indicates that LuxDev holds more than 80% of the shares. Currently, only one other investor holds the remaining shares. However, as a blended finance structure looking as such to attract other investors including private investors, it is the aim of FEF to enlarge its investor basis over time.

36. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

LuxDev, in its subscription agreement with FEF, has opted not to receive dividends.

C. Development focus, impact and due diligence

37. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

FEF's investment strategy aligns with microfinance and financial inclusion strategies to expand access to quality financial services for excluded individuals and SMEs, fostering social and economic development. FEF has two main objectives: social and financial. It aims to improve financial access, particularly for women-led businesses in the SICA region.

Score

1

38. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

The products to be offered by the FEF will consider the analysis of the relevant environment, specifically, both the demand and the existing supply in the countries of the SICA region. This is to avoid duplication in the supply of services, particularly considering the region's existing financing offer to FIs.

Score

1

39. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

<p>FEF will strive to provide tailor-made and innovative solutions to FIs, coupling its investments with technical support from an associated technical assistance programme. The Technical Assistance Facility (TAF) is set up alongside the fund to support both the financial institutions in which FEF invests and the women-led SMEs that are clients of these institutions.</p> <p>The FEF-TAF aims to enhance access to and usage of financial services by and for women entrepreneurs by supporting FI in designing products and services, improving underwriting processes, and refining marketing and onboarding strategies. It also seeks to mainstream gender within FI by identifying biases and developing strategies, action plans, and interventions to improve workplace equity. Additionally, the FEF-TAF focuses on strengthening and building resilience in WSME through tailored technical assistance, capacity building, and referrals to certified enterprise support organisations and programmes.</p> <p>To achieve these objectives, three distinct results have been formulated:</p> <ol style="list-style-type: none"> 1. Strengthened gender inclusion in financial institutions products and services, with the integration of this dimension into their organisational frameworks; 2. Enhanced productivity, profitability and gender inclusion by WSMEs; 3. Improved impact measurement, monitoring and knowledge management of the FEF and the FEF-TAF. 	Score 1
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40. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

<p>FEF has developed an impact framework which has to be approved and updated on a regular basis by the board of directors and published annually with a series of key performance indicators at the level of the financial institutions and the level of the end client. The key performance indicators used to measure the attainment of the sustainable investment objectives including but not limited to: Client outreach (% of women clients, % of portfolio disbursed to women), Organization and culture (% of women in the workforce, % of women on the Board, Unadjusted gender pay gap), Impact indicators (Amount and number of loans disbursed to business founded by women).</p>	Score 1
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41. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

<p>Each individual investment is assessed ex-ante (as part of the due diligence process): starting with an initial discussion on the potential impact of the investment, the mechanics of the support provided to mitigate any negative impact and gathering relevant data and information to ensure the investment continues to meet its development goals and allow for impact assessment.</p>	Score 1
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42. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

<p>Not relevant.</p>	
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43. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

<p>In the SICA region, gender inequality and unequal access to financial services for SMEs are increasingly recognized. In response to that, FEF aims at implementing solutions that combine financial and non-financial elements to promote competitiveness for this segment. The FEF will not directly engage with the end-clients of the FIs (micro-entrepreneurs, small savers and insurance policy holders). This activity requires local presence and local knowledge and is best done by locally implanted FIs.</p>	
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44. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

<p>The end beneficiaries will be women-led SMEs in the targeted region, and the FIs in which the FEF invests are local institutions with local knowledge. Investment activities are untied by nature.</p>	
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D. Additionality mechanisms

45. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

<p>The due diligence process includes an institutional and contextual analysis of the financial institution, drawing upon qualitative as well as quantitative criteria to ensure that the investment provide benefits beyond what the private sector would achieve on its own. This analysis will look into the institutional structure of the FI (history, governance, legal structure, human resources, active social vocation, etc.), it will assess its social profile (social mission, targeted clients, product offering, quality of established links with customers, etc.), and it will examine its financial robustness (cost coverage, capital structure, dependency on donors, portfolio quality, credit methodology, reserves and provisions, etc.). The analysis will draw upon the annual reports of the FI, its financial accounts (preferably audited), and other available reports (e.g., rating reports). Coupled with the above analysis is a field visit, to verify, complete and deepen the information. An important component of the field visit will lie in personal contact with the staff of the FI and may include a visit to actual or potential beneficiaries of the FI.</p>	<p>Score 1</p>
<p>46. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.</p>	<p>Score 1</p>
<p>Conducting a thorough market analysis is part of the FEF's investment process to determine whether the investment would attract sufficient private sector funding and ensuring that the investments contribute positively to sustainable development without any adverse effect on the market. This includes assessing market gaps and barriers, market rates, financial return objectives, transaction risk, and the sustainability of the rate for financial institutions (FIs) to continue extending debt financing to women-led SMEs.</p>	<p>Score 1</p>
<p>47. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.</p>	<p>Score 1</p>
<p>FEF is using financial metrics such as return on investment (ROI), internal rate of return (IRR), operational sustainability (OSS) and cost-benefit analysis to evaluate the financial viability and necessity of their involvement. FEF also assesses how the investment enhances local capacity through, for example, skill development, and how the investment would introduce innovative solutions or improve the operational efficiency. All these steps are part of the investment process.</p>	<p>Score 1</p>
<p>48. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.</p>	<p>Score 1</p>
<p>The additionality framework is part of (i) the review and supervision of the investments liaising with the targets and also (ii) the preparation of communication of the FEF's results i.e semi-annual and annual reports as well SFDR Article reports.</p>	<p>Score 1</p>
<p>49. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.</p>	<p>Score 1</p>
<p>One of the most important starting points of the FEF's due diligence process is a rigorous selection process to assess feasibility before any investment is made. Once an investment has been made, FEF is continuously tracking the progress and impact of the investments. Over the investment's lifetime, FEF is conducting reviews to assess the ongoing additionality of the investments which involves financial health and development impacts and making adjustments to the investment strategy based on the review findings. FEF's exit strategy as part of its continuous additionality and impact assessment involves several key components.</p> <ol style="list-style-type: none"> 1. Implementing effective monitoring systems to track the delivery of outputs and outcomes in line with the stated ambitions. This includes assessing project impacts. 2. Providing structured guidance and supporting evidence on financing conditions in a country or sector. This approach helps in making informed judgments about the additionality of projects. 3. Monitoring and evaluating the direct environmental benefits of projects to ensure they meet the expected outcomes. 4. Establishing a clear Theory of Change that links direct benefits to broader impacts and sustainability. <p>FEF's exit strategy is designed to maximize value and ensure long-term success by carefully selecting the right strategic path, ensuring financial readiness, continuously assessing impact and additionality, and adapting to changing market dynamics. This integrated approach helps mitigate risks and positions the business for a successful and strategic exit.</p>	<p>Score 1</p>

50. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

Not applicable, as there is no collaboration with ECAs.

Netherlands: Access to Energy Fund (AEF)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Access to Energy Fund (AEF), managed by the Dutch Entrepreneurial Development Bank FMO, established in 2007

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

The applied ODA-coefficient was 100%. The activities of this programme are development relevant, additional and all activities take place in ODA-eligible countries.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	EUR 98.46 million (note: this is the sum of the new <i>commitments</i> by AEF in 2021-2023, The sum of the total <i>disbursements</i> over these three years is likely to be lower, the sum for the years 2021-2022 is EUR 54.3 million, the amount for 2023 is not yet confirmed)	0
Other	0	0

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

The geographic mandate of the Access to Energy Fund is contractually limited to OECD-DAC countries only.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

N/A

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

The decision following the latest financial top-up of the Access to Energy Fund in 2023 states that as of January 2024 investments in and financing of companies and/or funds with a strong government role (>50% owned or voting rights by central and/or lower governments, a

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not applicable

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>Yes, the Dutch Entrepreneurial Development Bank FMO that is responsible for the management of the Access to Energy Fund is expected to operate within the boundaries of the investment mandate, which is highly development relevant.</p> <p>The overall objective of the AEF is the creation of sustainable access to renewable energy for households in developing countries. To measure development and climate accomplishments of the AEF, FMO reports on the following indicators:</p> <ul style="list-style-type: none"> - Beneficiaries reached with access to renewable energy; - Installed capacity; - Direct jobs supported, gender disaggregated; - Catalytic effect; - Calculated emission reductions. 	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
<p>Yes, the Dutch government defined the investment mandate of the AEF that sets out the development purpose of the fund, ensuring alignment with development policy priorities of the Dutch government</p>	1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Yes, the policy appraisal pays particular attention to this aspect, highlighting that crowding out of the private sector needs to be avoided, ensuring that the AEF remains additional to the market. This means that FMO needs to monitor market developments closely, adjusting the focus of the investment portfolio accordingly.</p>	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes, FMO reports on an annual basis on developments of the AEF on the basis of the key performance indicators.</p> <p>The annual reports are shared with the Ministry of Foreign Affairs and serve as an instrument to monitor the progress of the fund and its alignment with the development priorities and objectives of the Ministry.</p> <p>In addition, the results of the AEF on #number of people with access to renewable energy and #number of direct jobs are shared with Parliament every year. These results also feature on the public government website highlighting Development Results.</p> <p>The government funds managed by FMO are also subject to (mid-term) evaluations on a periodic basis. A mid-term evaluation of the AEF is being undertaken by an external evaluator in 2024. This evaluation will simultaneously look at Building Prospects, another government fund managed by FMO. The mid-term evaluation will look at the contribution of investments to the envisaged development results.</p>	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

Score

Yes. The accountability of the development strategy is organized through the annual planning and monitoring cycle in which FMO provides an annual plan ahead of each calendar year and then reports on the execution and results with an annual report after each year.	1
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10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

Not applicable. The Access to Energy Fund as such is not an independent structure. It is an integral part of the Dutch entrepreneurial development bank FMO, which holds separate bank accounts for the different funds it manages, including the AEF.
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11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No, FMO does not extend dividends on behalf of the AEF. All net revolving aspects of the fund are reinvested in the portfolio.
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C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
Yes, see also the answers to question 7. All financing from the AEF must contribute to the economic development and welfare of (people in) developing countries.	1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
The companies and funds that AEF invests in are locally-based or, in the case of international entities, with strong local knowledge and often presence, with a thorough understanding of the specific local needs as well as investments opportunities. For each transaction FMO carries out a tailored due diligence, in which the governance of the company is assessed as well as their financials and the environmental and social risks. Often embassies are consulted but not necessarily for each and every transaction. Sometimes ministries and/or local governments are consulted, depending on the context. For investments of AEF in utility scale projects the concession is usually provided by the national government.	1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
Yes, see also the KPI's mentioned to in the answer to question 7: <ul style="list-style-type: none"> - Beneficiaries reached with access to renewable energy; - Installed capacity; - Direct jobs supported, gender disaggregated; - Catalytic effect; - Calculated emission reductions. Learnings from existing investments may inform decisions for future transactions. FMO carries out several evaluations, allowing for learning and adjustments. The development impact is a condition precedent before financing any opportunity; be it a direct investment or the financing of a financial intermediary.	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

Score

Yes, since the establishment of the AEF there have been several reviews of the development impact framework and subsequently to the investment mandate.

1

The Theory of Change of the Fund has been published in the AEF Investment Strategy 2019-2028, see Annex II on pages 14-15 in [access to energy-fund-strategy.pdf \(fmo.nl\)](#)

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

Score

Yes, the development impact of individual investments is assessed ex-ante and is an integral element of the investment process at FMO.

1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

While the Access to Energy Fund can invest in Dutch projects and funds, it is not in any way tied to Dutch content

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

Not applicable

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

Not applicable

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

Score

For the government funds, including the Access to Energy Fund, FMO aligns to the [DFI Working Group on Enhanced Blended Concessional Finance for Private Sector Projects](#). In FMO's investment process, an early-stage transaction is proposed via the 'deal team' (Investment Officer) to the Public Investment Management (PIM) team on financial additionality, mandate fit etc. If agreed upon, this transaction can be further assessed and approved 'In principal', after which further due diligence will be done.

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

Score

Yes. In case more commercial parties are willing/able to provide long term finance, FMO will not. In principle transactions are priced at a market rate.

1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

Score

Yes, as the money from all transactions (apart from Technical Assistance) should be repaid, the (long term) financial sustainability of the company is key to FMO's assessment

1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Like with all FMO's policy and processes the ones on blended finance are also reviewed from time to time. Also, all processes / departments get an internal audit from time-to-time	Score 1
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Please see answers to questions 20 and 21. In addition, once the loan or equity investment is signed, financial additionality is not reviewed any more in the relationship with the client– as FMO is engaged in a long-term contract with the client. However, internally FMO makes an assessment on an annual basis to consider whether a transfer or exit of the loan or equity investment to FMO-A, which are the own resources of the bank, is appropriate based on the current risk profile of the investment	Score 1
For any potential additional investment, FMO reviews the additionality again, as described in the answers to questions 20 and 21.	

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

For the gov't funds, FMO does not make use of export credits. In exceptional cases, FMO can consider taking a Political Risk Insurance (PRI) on its loans and equity investments.

Netherlands: Building Prospects (BP)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Building Prospects (BP), a fund managed by the Dutch Entrepreneurial Development Bank FMO, established in 2001 (under the original name of <i>Minst Ontwikkelde Landen MOL</i>).

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

The applied ODA-coefficient was 100%. The activities of this programme are development relevant, additional and all activities take place in ODA-eligible countries.
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3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	166,8 million (note: this is the sum of the new commitments by BP in 2021-2023. The sum of the total disbursements over these three years is likely to be lower: the sum for the years 2021-2023 is EUR 113,8 million.). Because the	0

	disbursements are lower than 150 million EUR we have conducted a self-assessment for BP.	
Other	0	0

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

The geographic mandate of Building Prospects is contractually limited to the Dutch PSD country list which consists of 70 countries, all are listed on the DAC List of ODA Recipients. Within this list there is a focus on LDC's and Fragile states.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

N.A..

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

The addendum of 2023 states that as of March 2024 BP investments in and financing of companies and/or funds with a strong government role (>50% owned or voting rights by central and/or lower governments, a board appointed by central and/or lower governments) are not permitted. In reality these type of investments did not occur under BP up until March 2024.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not applicable

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>Yes, the Dutch Entrepreneurial Development Bank FMO that is responsible for the management of Building Prospects is expected to operate within the boundaries of the investment mandate, which is highly development relevant.</p> <p>The overall objective of BP is to contribute to poverty reduction by stimulating private investments in mainly infrastructure in developing countries. To measure development and climate accomplishments of BP, FMO reports on the following indicators:</p> <ol style="list-style-type: none"> 1. No. of companies with a supported plan to invest or trade, disaggregated by local/Dutch 2. Catalyzed amounts (public and private) 3. Jobs supported <ol style="list-style-type: none"> a. Direct jobs supported, disaggregated by gender b. Indirect jobs supported, disaggregated by gender 4. Number of people reached 5. Number of new committed infra projects 6. No. of infra projects completed 7. Contracted and disbursed amount 8. Project costs and total assets for corporates 9. Corporate income tax 10. GHG avoidance 11. No. of people that have gained access to renewable energy 12. Private sector investment in renewables catalyzed 13. Ha. Of forested land under sustainable management or improved practices 14. Green investments (no. of investments) 15. % of green investments 16. Waste reduction / resource efficiency (>20% reduction labelled as green) 	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
Yes, the Dutch government defined the investment mandate of BP that sets out the development purpose of the fund, ensuring alignment with development policy priorities of the Dutch government	1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
Yes, the policy appraisal pays particular attention to this aspect, highlighting that crowding out of the private sector and market distortion need to be avoided, ensuring that BP remains additional to the market. This means that FMO needs to monitor market developments closely, adjusting the focus of the investment portfolio accordingly.	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes, FMO reports on an annual basis on developments of BP on the basis of the key performance indicators.</p> <p>The annual reports are shared with the Ministry of Foreign Affairs and serve as an instrument to monitor the progress of the fund and its alignment with the development priorities and objectives of the Ministry.</p> <p>In addition, the results of BP on # number of people with access to renewable energy, # number of direct jobs, and # number of companies with a supported plan to invest or trade, disaggregated by local/Dutch, are shared with the Dutch Parliament every year. These results also feature on the public government website highlighting Development Results.</p> <p>The government funds managed by FMO are also subject to (mid-term) evaluations on a periodic basis. A mid-term evaluation of BP is currently being undertaken by an external evaluator. This evaluation will simultaneously cover the Access to Energy Fund, another government fund managed by FMO. The mid-term evaluation will assess the contribution of investments to the envisaged development results.</p>	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
Yes. The accountability of the development strategy is organized through the annual planning and monitoring cycle in which FMO provides an annual plan ahead of each calendar year and then reports on the execution and results with an annual report after each year.	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

Not applicable. BP as such is not an independent structure. It is an integral part of the Dutch entrepreneurial development bank FMO, which holds separate bank accounts for the different funds it manages, including BP.
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11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No, FMO does not extend dividends on behalf of BP. All net revolving aspects of the fund are reinvested in the portfolio.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
Yes, see also the answers to question 7. All financing from BP must contribute to the economic development and welfare of (people	1

in) developing countries.

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
The companies and funds that BP invests in are locally-based or, in the case of international entities, with strong local knowledge and often local presence, with a thorough understanding of the specific local needs as well as investments opportunities.	1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
Yes, see also the KPI's mentioned in the answer to question 7 as well as explicit requirement of development impact in the investment criteria.	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
Yes, since the establishment of BP there have been several reviews of the development impact framework and subsequently of the investment mandate. See also the ToC document .	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
Yes, the development impact of individual investments is assessed ex-ante and is an integral element of the investment process at FMO.	1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

FMO selects companies and funds from or active in eligible countries without paying particular attention to the formal or original location of these companies and funds. The geographic mandate of BP is limited to the Dutch PSD country list consisting only of countries on the OECD-DAC country list.
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18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

BP makes both direct investments into companies (project investments) as well as fund investments. One advantage of channeling investments through intermediaries (funds) is that funds can make investments with smaller ticket-sizes (and often high development impact potential) than would be possible for BP through a direct project investment.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

While BP can invest in Dutch projects and funds, it is not in any way tied to Dutch content.
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D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

Score

For the government funds, including Building Prospects, FMO aligns to the DFI Working Group on Enhanced Blended Concessional Finance for Private Sector Projects . In FMO's investment process, an early-stage transaction is proposed via the 'deal team' (Investment Officer) to the Public Investment Management (PIM) team on financial additionality, mandate fit etc. If agreed upon, this transaction can be further assessed and approved 'In principal', after which further due diligence will be done.	1
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21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

	Score
Yes. In case more commercial parties are willing/able to provide long term finance, FMO will not. In principle transactions are priced at a market rate.	1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

	Score
Yes, as the money from all transactions (apart from Technical Assistance) is aimed at 100% revolvability, the (long term) financial sustainability of the company is key to FMO's assessment.	1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

	Score
Like with all FMO's policy and processes the ones on blended finance are also reviewed from time to time. Also, all processes / departments get an internal audit from time-to-time.	1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

	Score
Please see answers to questions 20 and 21. In addition, once the loan or equity investment is signed, financial additionality is not reviewed any more in the relationship with the client– as FMO is engaged in a long-term contract with the client. However, internally FMO makes an assessment on an annual basis to consider whether a transfer or exit of the loan or equity investment to FMO-A is appropriate based on the current risk profile of the investment. For any potential additional investment, FMO reviews the additionality again, as described in the answer to questions 20 and 21.	1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

For the government funds, FMO does not make use of export credits. In exceptional cases, FMO can consider taking a Political Risk Insurance (PRI) on its loans and equity investments.
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Netherlands: Dutch Fund for Climate and Development (DFCD)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Dutch Fund for Climate and Development (DFCD), managed by the Dutch Entrepreneurial Development Bank FMO and implemented by FMO, Climate Fund Managers, WWF Netherlands and SNV, established in 2019.

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

The applied ODA-coefficient was 100%. The activities of this program are development relevant, additional and all activities take place in ODA-eligible countries.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	EUR 105 million (note: this is the sum of the new commitments by DFCD in 2021-2023, the sum of the total disbursements over these three years is likely to be lower).	0
Other	0	0

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

The geographic mandate of the DFCD is limited to OECD-DAC countries only.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Not applicable

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

DFCD is solely focused on private sector and as a consequence, there is no financing going to official sector entities.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not applicable

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

Score

<p>Yes, the Dutch Entrepreneurial Development Bank FMO that is responsible for the management of the DFCD is expected to operate within the boundaries of the investment mandate, which is highly development relevant.</p> <p>The overarching goal pursued through the DFCD is climate-resilient economic growth. Efforts in developing countries should be aimed at combating climate change (mitigation – through lower greenhouse gas emissions) and enabling people to adapt to climate change (adaptation – through the promotion of climate-resilient land use & ecosystems, climate-resilient water supply & sanitation and climate resilient food security).</p> <p>To measure development and climate accomplishments of the DFCD, FMO reports on the following indicators:</p> <ul style="list-style-type: none"> - Direct Employment (Total) - Direct Employment (Female) - Sequestered GHG emissions (tCO2eq) - Forest under management (ha) - Forest under sustainable management (ha) - Farmland under sustainable management (ha) - People reached - Smallholders supported 	1
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c. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

<p>The DFCD is established through a tender procedure. The consortium of Climate Fund Managers, FMO, SNV and WWF Netherlands delivered the strongest bid book in response to the grant policy framework provided by the Dutch government with the fund's priorities and investment mandate. Within this consortium, FMO is the leading organization and acts as contracting party for the ministry.</p> <p>So, yes, the Dutch government defined the investment mandate of the DFCD that sets out the development purpose of the fund, ensuring alignment with development policy priorities of the Dutch government.</p>	Score 1
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d. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

<p>Yes, the policy appraisal pays particular attention to this aspect, highlighting that crowding out of the private sector needs to be avoided, ensuring that the DFCD remains additional to the market. This means that FMO and other consortium parties need to monitor market developments closely, adjusting the focus of the investment portfolio accordingly.</p>	Score 1
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8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

<p>Yes, FMO, in cooperation with the other consortium partners, reports on an annual basis on developments of the DFCD on the basis of the key performance indicators (question 7).</p> <p>The annual reports and a yearly progress report are shared with the Ministry of Foreign Affairs and serve as an instrument to monitor the progress of the fund and its alignment with the development priorities and objectives of the Ministry.</p> <p>In addition, some of the results of the DFCD are shared with Parliament every year. These results also feature on the public government website highlighting Development Results.</p> <p>The government funds managed by FMO are also subject to (mid-term) evaluations on a periodic basis. A mid-term evaluation of the DFCD has been conducted in 2024 by an external evaluator and has been published online (link). The main purpose of the evaluation was to learn, recommendations to improve the DFCD center round relevance, efficiency, coherence and additionality.</p>	Score 1
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9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

Score

Yes. The accountability of the development strategy is organized through the annual planning and monitoring cycle in which FMO provides an annual plan ahead of each calendar year and then reports on the execution and results with an annual report after each year.	1
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10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

The DFCD consists of 3 three different facilities, each with different shareholding structure.

- 1) The Land-Use facility is an integral part of the Dutch entrepreneurial development bank FMO, which holds separate bank accounts for the different funds it manages, including the DFCD / Land Use Facility. There is no diversified shareholding. The Land-Use facility will receive a guarantee from the European Commission through the European Fund for Sustainable Development +.
- 2) The Water Facility is implemented by Climate Fund Managers. The Water Facility contains the contribution of the Dutch government to the Climate Investor Two fund (CI2). This CI2 has a multi-contributor character with financial contributions from public and private parties to the different funds within CI2; the development fund, the construction equity fund and the refinancing fund (to be established). Through the Water Facility the ministry contributed to the development fund and tier 1 of the construction equity fund.
- 3) The Origination Facility is implemented by SNV and WWF Netherlands, they both receive 50% of the financing of the facility. These parties provide support for project development, mainly through technical assistance and development grants. There is no diversified shareholding.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No, FMO does not extend dividends on behalf of the DFCD. All net revolving aspects of the fund are reinvested in the portfolio.

Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

Yes, see also the answers to question 7. All financing from the DFCD must contribute to the economic development and welfare of (people in) developing countries.	Score 1
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13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

The companies and funds that DFCD invests in are locally-based or, in the case of international entities, with strong local knowledge and often presence, with a thorough understanding of the specific local needs as well as investments opportunities.	Score 1
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For each transaction FMO, and the other consortium partners, carry out a tailored due diligence, in which the governance of the company is assessed as well as their financials and the environmental and social risks. Often embassies are consulted but not necessarily for each and every transaction. Sometimes ministries and/or local governments are consulted, depending on the context.

One specific characteristic of the DFCD is the landscape approach. Projects in the DFCD operate within a wider societal and environmental context. By investing across sectors and collaborating with various stakeholders, the DFCD extends its impact beyond company boundaries and strategically address long-term climate and biodiversity challenges.

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

Score

<p>Yes, see also the KPI's mentioned to in the answer to question 7.</p> <p>Learnings from existing investments may inform decisions for future transactions. FMO carries out several evaluations, allowing for learning and adjustments. The development and climate impact is a condition precedent before financing any opportunity; be it a direct investment or the financing of a financial intermediary.</p>	1
<p>15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.</p>	<p>Score</p> <p>1</p>
<p>The DFCD has been established in 2019 whereby the winning bidbook of the consortium was based on the grant policy framework . Since then, in 2023, the ministry has decided to top-up the Origination Facility with additional funding. The discussions towards this top-up led to an update of the DFCD theory of change and some priorities, including more focus on climate adaptation and biodiversity financing and on gender equality and social inclusion.</p>	
<p>16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.</p>	<p>Score</p> <p>1</p>
<p>Yes, the development impact of individual investments is assessed ex-ante and is an integral element of the investment process at FMO and the other consortium partners.</p>	
<p>17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.</p>	
<p>FMO selects companies and funds from or active in eligible countries without paying particular attention to the formal or original location of these companies and funds. The geographic mandate of the DFCD is limited to countries on the OECD- DAC list.</p>	
<p>18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?</p>	
<p>The DFCD makes both direct investments into companies (project investments) as well as fund investments. One advantage of channeling investments through intermediaries (funds) is that funds can make investments with smaller ticket-sizes (and often high development impact potential) than would be possible for DFCD through a direct project investment.</p>	
<p>19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?</p>	
<p>The DFCD can cooperate with Dutch projects and funds. With the top-up of the Origination Facility in 2023, DFCD is committed to proactively seek collaboration with Dutch businesses to co-invest in local companies, provide off-take agreements or provide leads for new investees. This is an obligation to perform to the best of one's ability, no strict output requirement.</p>	

D. Additionality mechanisms

<p>20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.</p>	<p>Score</p> <p>1</p>
<p>For the government funds, including the DFCD, FMO aligns to the DFI Working Group on Enhanced Blended Concessional Finance for Private Sector Projects. In FMO's investment process, an early-stage transaction is proposed via the 'deal team' (Investment Officer) to the Public Investment Management (PIM) team on financial additionality, mandate fit etc. If agreed upon, this transaction can be further assessed and approved 'In principal', after which further due diligence will be done.</p>	

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

Yes. In case more commercial parties are willing/able to provide long term finance, FMO will not. In principle transactions are priced at a market rate.

Score

1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

Yes, as the money from all transactions (apart from Technical Assistance) should be repaid, the (long term) financial sustainability of the company is key to FMO's assessment as well as the assessment of the other consortium partners.

Score

1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Like with all FMO's policy and processes the ones on blended finance are also reviewed from time to time. Also, all processes / departments get an internal audit from time-to-time

Score

1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Please see answers to questions 20 and 21. In addition, once the loan or equity investment is signed, financial additionality is not reviewed any more in the relationship with the client– as FMO is engaged in a long-term contract with the client. However, internally FMO makes an assessment on an annual basis to consider whether a transfer or exit of the loan or equity investment to FMO-A, which are the own resources of the bank, is appropriate based on the current risk profile of the investment.

For any potential additional investment, FMO reviews the additionality again, as described in the answer to questions 20 and 21.

Score

1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

For the government funds, FMO does not make use of export credits. In exceptional cases, FMO can consider taking a Political Risk Insurance (PRI) on its loans and equity investments.

Atradius Dutch State Business (Dutch export credit agency) does contribute to the Climate Investor Two fund by guaranteeing part of the financing in the Construction Equity Fund.

Netherlands: Dutch Good Growth Fund – Investing in local economies (DGGF 1)

1. Basic identification details For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Dutch Good Growth Fund – 'Investing in local economies' (hereafter DGGF 1), established in 2014.

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

The applied ODA-coefficient was 100%. The activities of this programme are development relevant, additional and all activities take place in ODA-eligible countries.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	48,042,816.16 Euro	0
Other	0	0

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

DGGF 1 funding can only be spent in ODA eligible countries (so-called DGGF countries). DGGF monitors this through the annual monitoring cycle.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Not applicable

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

DGGF 1 is only available for private sector companies.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not applicable

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>Yes, the organization that is responsible for the management of DGGF 1 is expected to operate within the boundaries of their investment mandate. The development relevance is defined as follows:</p> <p>All financing must contribute to the development of low- and middle-income countries. It must therefore be determined for each investment whether and to what extent (relative criteria) it will make an additional contribution to:</p> <ul style="list-style-type: none"> • Employment in low- and middle-income countries, including indirect employment from, for example, local suppliers, and poverty reduction (SDG8 and SDG1) • Reduction of inequality (gender and young people): active focus on supporting women entrepreneurs, improving their working conditions and rights. In addition, this includes encouraging employment for young people (< 25 years). 	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

<p>Yes, the Dutch government developed this fund including the investment mandate that sets out the development purpose and some other key features such as the revolving nature of the Fund.</p>	<p>Score 1</p>
<p>b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.</p>	
<p>Yes, the aforementioned investment mandate sets out clear criteria for these aspects. Additionality is therein defined as follows:</p> <p>The eligible projects must have a clear commercial rationale, i.e. reimbursement of the loan from achieved results is the starting point. However, the risk profile of the applications is not acceptable for the commercial finance sector due to the challenges arising from foreign markets, the inability to provide security or the relatively (too) high transaction costs, the obligation to maintain capital compared to foreign financing, making it difficult for SME/MidCorps to attract financing in countries on the DGGF country list (market failure). Especially, when it concerns a relatively limited amount of financing (< EUR 10 million), for which the transaction costs to be incurred are prohibitively high for the commercial market. The commercial market is not prepared (or not fully) to provide financing without the participation of DGGF1.</p> <p>The applicant must demonstrate that he has made reasonable efforts to obtain maximum financing at market conditions by</p> <p>a) The applicant must demonstrate the 'market failure' in its project plan. B) This is checked with the principal bank of the applicant and needs to be confirmed by them, preferably in writing.</p> <p>The application must demonstrate the viability of the project with and without the investment(s) from the fund. The financing to be provided is therefore additional to the market and does not compete with existing financiers (no 'crowding-out' effects).</p>	<p>Score 1</p>
<p>8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).</p>	
<p>The organization that manages DGGF 1 reports on a quarterly and annual basis on developments within the fund on the basis of the key performance indicators.</p> <p>These reports are shared with the Ministry of Foreign Affairs, and serve as an instrument to monitor the activities of the fund and the alignment with those activities with the ministry's development goals and objectives. Every subsequent year, the annual results are shared with parliament.</p> <p>Additionally, the DGGF is being evaluated on a periodic basis by an external evaluator.</p>	<p>Score 1</p>
<p>9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.</p>	
<p>Yes. The accountability for the development strategy is organized through an annual planning & monitoring cycle in which the implementing organization first presents an annual plan and then reports on the execution and results through quarterly and annual reports.</p>	<p>Score 1</p>
<p>10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.</p>	
<p>DGGF has no shareholders, it is set up by the Dutch State.</p>	
<p>11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.</p>	
<p>All revolving aspects of the fund, after deduction of costs, are to be reinvested in the portfolio. No dividends are to be extended.</p>	

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
<p>Yes. As was mentioned in the answer to question 7, all financing from the Fund must contribute to the development of low- and middle-income countries. It must therefore be determined for each investment from the Fund whether and to what extent (relative criteria) it will make an additional contribution to:</p> <ul style="list-style-type: none"> • Employment in low- and middle-income countries, including indirect employment from, for example, local suppliers, and poverty reduction (SDG8 and SDG1) • Reduction of inequality (gender and young people): active focus on supporting women entrepreneurs, improving their working conditions and rights. In addition, this includes encouraging employment for young people (< 25 years). 	1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
<p>Joint ventures are made with locally-based entities, who have a thorough understanding on the specific local needs as well as investment opportunities. Besides this, DGGF 1 uses local knowledge and expertise of, amongst others, Dutch embassies, local Dutch companies, (local) banks to gain more insight into specific needs of recipient countries.</p>	1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes. For by means of the KPI's (see question 8): For example: jobs supported, jobs created, number of female entrepreneurs, number of young entrepreneurs, private sector mobilisation.</p>	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
<p>Yes, the development impact framework is reviewed and kept up to date on a periodic basis. The impact framework has been evaluated during the last DGGF impact evaluation in 2020 and a Theory of Change has been developed. The ToC aims to capture and represent the relationships between, and effects of, the broader intervention strategy of DGGF 1. The ToC allows for the identification of knowledge gaps, steer the M&E activities and, if needed, define/revise strategies accordingly.</p> <p>The ToC has been updated in 2022. The development impact framework is assessed and reviewed annually, integrating the impact results collected during the year as well as the learnings from the DGGF 1 monitoring and evaluation plan. In addition, every 5-7 years an external evaluation takes place which may lead to further reviews to the impact framework.</p>	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
<p>DGGF 1 uses a quick scan and a full scan to assess development impact of its potential investees ex-ante. Within this model, indicators such as inclusive (direct and indirect) employment. As part of the investment selection process a detailed assessment is conducted of the expected impact of the potential investment. This includes ex-ante estimations on quantitative indicators such as (indirect and direct) jobs supported and created, target groups of women, youth and entrepreneurs) and qualitative indicators (including inclusiveness, additionality, catalytic and demonstration potential). Before each transaction, the investment manager performs an assessment on whether the activities and projects that are being financed are in compliance with ICSR/ESG standards. For projects that do not yet (fully) meet the standards, the investment manager decides whether a project is declined or whether to draw on technical assistance to insure that the standards are met in the future.</p> <p>This impact assessment is included in the investment memo to the investment committee. The IC then assesses and gives its decision on the proposed investment. Once the investment is approved a contract is signed with the investee and includes the agreement on the investment strategy and use of the funds provided by DGGF 1.</p> <p>The Fund manager of DGGF 1 cooperates closely with the ESG manager of the implementing agency (Invest International). Together they</p>	1

assess the framework, process and capacity to manage ESG in accordance with the DGGF 1 ESG requirements. Compliance with the DGGF 1 ESG requirements is assessed annually.

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

DGGF 1 only targets developing countries on the OESO-DAC list. The financing is done via the Dutch company which has a (new) local subsidiary or joint venture with another local company.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

Not applicable.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

Applicants of DGGF 1 are only Dutch companies. They can work with and invest in local companies. Finance/guarantees can also be provided to local banks.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

Yes. DGGF 1 uses local knowledge and expertise of, amongst others, Dutch embassies, local Dutch companies, (local) banks to gain more insight into the risks and returns of investments. Using this knowledge, DGGF 1 targets a risk profile that is not supported by private financiers. That way, it does not compete with existing financiers and is additional to the market.

Additionality is a requirement in the application process. The additionality of each application is tested and explained. Where possible, DGGF seeks cooperation with banks (by providing a guarantee or co-financing) and only when banks can not finance, DGGF provides a so-called 'stand alone' finance. In the occasion when other investments are financed by the company there must be an approval of DGGF, so the additionality is also monitored in the meantime.

Also see the answer to question 7b.

Score

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

By scoring the various additionality criteria (as described under question 20 above), and thereby ensuring additionality, the risks of market distortion are minimized. On top of that, DGGF 1 needs to be revolving. As a result, the pricing of DGGF1 products cannot be too low, which is another mitigator of market distortion risk.

Score

1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

DGGF assesses every business case for commercial feasibility/ feasibility of the business case by the submitted annual figures and projections. In addition, the embassies are assess whether there are still certain issues in the country that could potentially negatively impact the business case. Risks such as withholding taxes and upstream cash flows are also examined per country. This can also negatively affect the business case.

Score

1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Score

For every investment the key indicator of additionality is being used, namely: can/ will another commercial financier (in this case the principal bank of the applicant) finance the investment project. This needs to be confirmed in writing by the principal bank. If this bank is not willing to finance then the additionality of a DGGF loan is proven.

1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

The additionality is assessed ex-ante. Additionality is measured at investment selection stage.

Score

1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

Not applicable.

Netherlands: Dutch Good Growth Fund – Financing Local SMEs (DGGF 2)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Dutch Good Growth Fund – ‘Financing Local SMEs’, or DGGF ‘Financing Local SME’s, established in 2014.

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

The applied ODA-coefficient was 100%. The activities of this programme are development relevant, additional and all activities take place in ODA-eligible countries.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	€91.000.000	0
Other	0	0

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

DGGF ‘Financing Local SME’s’ either contractually agrees with a regional fund that all funding from DGGF will be spent in ODA eligible countries or invests in a separate holding that only operates in ODA eligible countries. DGGF monitors this through the annual monitoring

cycle.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Not applicable

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Not applicable

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not applicable

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>Yes, the consortium responsible for the management of DGGF 'Financing Local SMEs' is expected to operate within the boundaries of their investment mandate. The development relevance of is defined as follows:</p> <p>All financing from the Fund must contribute to the development of low- and middle-income countries. It must therefore be determined for each investment from the Fund whether and to what extent (relative criteria) it will make an additional contribution to:</p> <ul style="list-style-type: none"> - employment in low- and middle-income countries, including indirect employment from, for example, local suppliers, and - the productive power of the local business community, and - the sustainable transfer of knowledge, skills and techniques 	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
<p>Yes, the Dutch government developed the Terms of Reference for DGGF 'Financing Local SMEs' including the investment mandate that sets out the development purpose and some other key features such as the revolving nature of the Fund.</p>	1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Yes, the aforementioned investment mandate sets out clear criteria for these aspects. Additionality is therein defined as follows:</p> <p>The Client [is expected] to build up an investment portfolio with the Fund that is additional to that of other investors (and therefore does not disrupt the market). This Additionality is further embedded in (i) the Fund's specific target group (read: local SMEs in Low- and Middle-Income Countries), which have limited access to private capital as a result of market failure, (ii) the Fund's Low return requirements and (iii) the SC&BD budget available in addition to the Fund. The Seed Capital and Business Development (SC&BD) pillar increases additionality because, unlike the Fund, it does not have to be 100% revolving.</p>	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

Score

<p>The consortium that manages DGGF 'Financing Local SMEs' reports on a quarterly and annual basis on developments within the fund on the basis of the key performance indicators.</p> <p>These reports are shared with the Ministry of Foreign Affairs, and serve as an instrument to monitor the activities of the fund and the alignment with those activities with the ministry's development goals and objectives. Every subsequent year, the annual results are shared with parliament.</p> <p>Additionally, the DGGF is being evaluated on a periodic basis by an external evaluator.</p> <p>The consortium also report on the impact achieved via the DGGF website and through their LinkedIn page DGGF – Financing Local SMEs LinkedIn</p>	1
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9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

<p>Yes. The accountability for the development strategy is organized through an annual planning & monitoring cycle in which the consortium first presents an annual plan and then reports on the execution and results through quarterly and annual reports.</p>	Score 1
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10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

<p>The consortium partners TJ and PwC, responsible for the management of DGGF 'Financing Local SMEs', set up a Foundation for the purpose of the management of the Fund. A foundation does not have shareholders.</p>

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

<p>All revolving aspects of the fund, after deduction of costs, are to be reinvested in the portfolio. No dividends are to be extended.</p>

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

<p>Yes. As was mentioned in the answer to question 7, all financing from the Fund must contribute to the development of low- and middle-income countries. It must therefore be determined for each investment from the Fund whether and to what extent (relative criteria) it will make an additional contribution to:</p> <ul style="list-style-type: none"> • employment in low- and middle-income countries, including indirect employment from, for example, local suppliers, and • the productive power of the local business community, and • the sustainable transfer of knowledge, skills and techniques. 	Score 1
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13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

<p>The IFs and FIs in which DGGF 'Financing Local SMEs' invests are locally-based entities with financial experts, who have a thorough understanding on the specific local needs as well as investment opportunities.</p>	Score 1
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14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
Yes. For example, here are several of the KPI's we track (see question 8): committed capital, invested capital, rate of return, jobs supported, jobs created, productivity growth (measured by revenue growth), knowledge transfer (measured by % of capital invested), number of female entrepreneurs, number of young entrepreneurs, share of capital invested in fragile states, commercial viability of projects, catalytic/demonstration effect of investments and compliance with ICSR standards.	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
Yes the development impact framework is reviewed and kept up to date. The development impact framework is based on a Theory of Change (ToC). The ToC aims to capture and represent the relationships between, and effects of, the broader intervention strategy of DGGF 'Financing Local SMEs'. The ToC allows for the identification of knowledge gaps, steer the M&E activities and, if needed, define/revise strategies accordingly.	1
The ToC has been updated in 2022. The development impact framework is assessed and reviewed annually, integrating the impact results collected during the year as well as the learnings from deep dives studies that are part of the DGGF2 evaluation plan. In addition, every 5-7 years an external evaluation takes place which may lead to further reviews to the impact framework.	

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
DGGF 'Financing Local SMEs' uses a DIM model to assess development impact of its potential investees ex-ante. Within this model, indicators such as inclusive employment, inclusive products and services and rural outreach are scored.	1
As part of the investment selection process a detailed assessment is conducted of the expected impact of the potential investment in the financial intermediary. This includes ex-ante estimations on quantitative indicators (such as number of SMEs financed, jobs supported and created, outreach to the target groups of women, youth and entrepreneurs in fragile states, SME revenue growth) and qualitative indicators (including inclusiveness, additionality, catalytic and demonstration potential). The latter is assessed with a scorecard. This assessment is included in the investment memo to the investment committee. In addition, the DGGF2 impact team provides a separate and independent memo to the investment committee on their review of the ex-ante impact projections and opinion on the fit of the potential investment with the impact objectives of DGGF2. The IC then assesses and gives its decision on the proposed investment. Once the investment is approved a contract is signed with the financial intermediary and includes agreement on the investment strategy or use of proceeds of the funds provided by DGGF.	
Before each transaction, the fund managers perform an assessment on whether the activities and projects that are being financed are in compliance with ICSR/ESG standards. "Fund" here refers to DGGF2, whose manager assessed the framework, process and capacity of intermediary funds to manage ESG in accordance with the DGGF2 ESG requirements. Compliance of intermediary funds with the DGGF2 ESG requirements is assessed annually. For projects that do not yet (fully) meet the standards, the account manager decides whether a project is declined or whether to draw on technical assistance to insure that the standards are met in the future.	

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

DGGF selects suitable fund managers and financial institutions from, or active in, eligible DGGF countries, without paying particular attention to the location of the fund manager. DGGF is financed by ODA-budget and therefore only targets developing countries on the OESO-DAC list.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

DGGF 'Financing Local SMEs' was set-up as a Fund of Funds. The rationale behind this choice is manifold, mainly the benefit is that intermediate local funds are better adjusted to serve local needs.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

All the SMEs that are financed by the DGGF 'Financing Local SMEs' selected fund managers are based in ODA-eligible countries to promote local economic development. DGGF 'Financing Local SMEs' does not promote Dutch content in anyway. However, investees might decide for themselves to procure Dutch-linked goods or services.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

	Score
<p>Yes. DGGF 'Financing Local SMEs' uses local knowledge and expertise of, amongst others, Dutch embassies, local Dutch companies, banks and investment funds, and NGOs and think tanks, to gain more insight into the risks and returns of investments. Using this knowledge, DGGF 'Financing Local SMEs' targets a risk profile that is not supported by private financiers. That way, it does not compete with existing funds and is additional to the market.</p> <p>The Fund Manager uses a system that requires its overall investment portfolio to be broadly additional, on average, in two ways: (1) the DGGF funding needs to be broadly additional to IF/FIs, and (2) IF/FIs' financing needs to serve underserved SME markets.</p> <p>To assess the additionality of an IF/FI investment, the Fund Manager of DGGF 'Financing Local SMEs' scores 0, 1 or 2 on four criteria, a total score of 4 or more is taken as '100% additional':</p> <ul style="list-style-type: none"> • The extent to which the Fund Manager would take higher risks than other investors, provided that these higher risks are of value to the IF/FI by enticing other investors to follow. • The absence, or not, of interest among mainstream sources of capital in investing in an investment fund, or in financing SME-focused products of a financial institution. • Whether DGGF's investment enables an IF/FI to reach a minimum viable fund size, or to add an additional country or a new SME produce, or to implement a development-relevant strategy or recruit particularly valuable people. • 'Other relevant factors.' 	1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

	Score
<p>By scoring the various additionality criteria (as described under question 20 above), and thereby ensuring additionality, the risks of market distortion are minimised. On top of that, DGGF 'Financing Local SMEs' needs to be revolving. As a result, the pricing of DGGF 'Financing Local SMEs' products cannot be too low, which is another mitigator of market distortion risk.</p> <p>By using average additionality, DGGF 'Financing Local SMEs' can occasionally invest in IF/FIs that are not themselves focused on particularly underserved SME markets.</p>	1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

	Score
<p>When selecting investees, the fund manager weighs the risks and returns, in order to ensure that DGGF 'Financing Local SMEs' as a whole will be revolving.</p>	1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

	Score
<p>The consortium that manages DGGF 'Financing local SMEs' operationalised additionality for its financing activities and has a critical analysis of its own additionality scores of the funds it invests in, which is kept up-to-date.</p>	1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Score

The additionality is assessed ex-ante. Additionality is measured at investment selection stage based on a score card.

1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

Not applicable.

Netherlands: MASSIF

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

MASSIF, managed by the Dutch Entrepreneurial Development Bank (FMO), established in 2006.

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

The applied ODA-coefficient was 100%. The activities of this programme are development relevant, additional and all activities take place in ODA-eligible countries.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	EUR 170.403 mln. 2023: EUR 64.547 mln 2022: EUR 48.902 mln 2021: EUR 56.954	0
Other	0	0

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

The geographic mandate of the MASSIF Fund is contractually limited to OECD-DAC countries only.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

N.a.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

The decision following the latest financial top-up of the MASSIF Fund in 2023 states that as of January 2024 investments in and financing of companies and/or funds with a strong government role (>50% owned or voting rights by central and/or lower governments, a board appointed by central and/or lower governments) are not permitted.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not applicable.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>Yes, the Dutch Entrepreneurial Development Bank FMO that is responsible for the management of the MASSIF Fund is expected to operate within the boundaries of the investment mandate, which is highly development relevant.</p> <p>The overall objective of the MASSIF fund is to provide access to financial services (such as bank accounts, savings products and loan products) for micro-, small and medium-sized entrepreneurs in developing countries. To measure development and accomplishments of the MASSIF fund, FMO reports on the following indicators:</p> <ul style="list-style-type: none"> - Number of MSMEs that obtain financial services; - Number of companies with a supported plan to invest, trade or provide services; - Direct jobs supported, gender disaggregated; - Amount of mobilised private finance; - Number of improved or introduced new products; 	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
<p>Yes, the Dutch government defined the investment mandate of the MASSIF fund that sets out the development purpose of the fund, ensuring alignment with development policy priorities of the Dutch government</p>	1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Yes, the policy appraisal pays particular attention to this aspect, highlighting that crowding out of the private sector needs to be avoided, ensuring that the MASSIF fund remains additional to the market. This means that FMO needs to monitor market developments closely, adjusting the focus of the investment portfolio accordingly.</p>	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes, FMO reports on an annual basis on developments of the MASSIF fund on the basis of the key performance indicators.</p> <p>The annual reports are shared with the Ministry of Foreign Affairs and serve as an instrument to monitor the progress of the fund and its alignment with the development priorities and objectives of the Ministry.</p> <p>In addition, the results of the MASSIF fund feature on the public government website highlighting Development Results.</p> <p>The government funds managed by FMO are also subject to (mid-term) evaluations on a periodic basis. The most recent evaluation of the MASSIF fund was published in 2020 on the website of the government of the Netherlands. Among others, the evaluation covers the additionality and development impact of the MASSIF fund.</p>	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
Yes. The accountability of the development strategy is organized through the annual planning and monitoring cycle in which FMO provides an annual plan ahead of each calendar year and then reports on the execution and results with an annual report after each year.	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

Not applicable. The MASSIF fund as such is not a structure but only a bank account held and managed by FMO.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No, the MASSIF fund does not extend dividends. All net revolving aspects of the fund are reinvested in the portfolio.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
Yes, see also the answers to question 7. All financing from the MASSIF fund must contribute to the economic development and welfare of (people in) developing countries.	1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
The companies and funds that the MASSIF fund invests in are locally-based or, in the case of international entities, with strong local knowledge and often presence, with a thorough understanding of the specific local needs as well as investments opportunities. MASSIF is also able and willing to lend in local currencies whenever that suits the need of the client.	1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
Yes, see also the KPI's mentioned to in the answer to question 7: <ul style="list-style-type: none"> - Number of MSMEs that obtain financial services; - Number of companies with a supported plan to invest, trade or provide services; - Direct jobs supported, gender disaggregated; - Amount of mobilised private finance; - Number of improved or introduced new products; 	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
Yes, since the establishment of the MASSIF fund there have been several reviews of the development impact framework and subsequently to the investment mandate. In 2021, a review was conducted to examine the state of evidence supporting MASSIF's theory of change.	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
<p>Yes, the development impact of individual investments is assessed ex-ante and is an integral element of the investment process at FMO.</p> <p>Ex ante assessments for MASSIF investments follow FMO's investment processes, including desk research and a due diligence visit. The approval process involves a review by the credit department after the front office department's initial evaluation, and compliance and KYC checks are conducted. When investments are managed through intermediaries, conditions and requirements, such as reporting obligations, are included in the contract. MASSIF's role is to ensure the impact mandate by selecting intermediary funds that align with the MASSIF investment criteria and mandate.</p>	1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

FMO selects companies and funds from or active in eligible countries without paying particular attention to the formal or original location of these companies and funds. The geographic mandate of the MASSIF fund is limited to countries on the OECD-DAC list.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

The MASSIF fund makes both direct investments into financial intermediaries (project investments) as well as fund investments. One advantage of channeling investments through intermediaries (funds) is that funds can make investments with smaller ticket-sizes (and often high development impact potential) than would be possible for the MASSIF fund through a direct investment.
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19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

While the MASSIF fund can invest in Dutch financial intermediaries (that align with the focus of providing financial services to MSMEs in developing countries), it is not in any way tied to Dutch content.
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D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

	Score
For the government funds, including the MASSIF fund, FMO aligns to the DFI Working Group on Enhanced Blended Concessional Finance for Private Sector Projects . In FMO's investment process, an early-stage transaction is proposed via the 'deal team' (Investment Officer) to the Public Investment Management (PIM) team on financial additionality, mandate fit etc. If agreed upon, this transaction can be further assessed and approved 'In principal', after which further due diligence will be done.	1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

	Score
Yes. In case more commercial parties are willing/able to provide long term finance, FMO will not. In principle transactions are priced at a market rate.	1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

	Score
Yes, as the money from all transactions (apart from Technical Assistance) should be repaid, the (long term) financial sustainability of the company is key to FMO's assessment	1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Like with all FMO's policy and processes the ones on blended finance are also reviewed from time to time. Also, all processes / departments get an internal audit from time-to-time	Score 1
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

<p>Please see answers to questions 20 and 21.</p> <p>Ex-ante assessments of additionality for investments channeled through intermediaries primarily occur during the approval process of the investment and on-site due diligence. Furthermore, intermediaries must adhere to contractual obligations. These contracts can vary by client but generally include reporting requirements that measure and report on aspects of additionality.</p> <p>In addition, once the loan or equity investment is signed, financial additionality is not reviewed any more in the relationship with the client– as FMO is engaged in a long-term contract with the client. However, internally FMO makes an assessment on an annual basis to consider whether a transfer or exit of the loan or equity investment to FMO-A (FMO's own balance sheet) is appropriate based on the current risk profile of the investment</p> <p>For any potential additional investment, FMO reviews the additionality again, as described in the answer to questions 20 and 21.</p>	Score 1
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

For the MASSIF fund, FMO does not make use of export credits. In exceptional cases, FMO can consider taking a Political Risk Insurance (PRI) on its loans and equity investments.

Norway: Norwegian Investment Fund for Developing Countries (Norfund)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Statens investeringsfond for næringsvirksomhet i utviklingsland (NORFUND). Established: 1997 (Full name in English: "The Norwegian Investment Fund for Developing Countries")

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

ODA coefficient: 100% (2023). In line with Norfunds mandate all investments target developing countries with a developmental objective. Each investment is evaluated against additionality criteria (see section D for detailed description)
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3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA	16 705 568 702 NOK*	*Note that disbursement are done in investment currency. Figures reported is a NOK conversion based on average FX rates.

Recipients		
Other	21 993 541 NOK*	See footnote. ¹¹

>Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

All investments direct or indirect are tracked in Norfund's portfolio report including destination country. Norfund's governance framework outlines that only countries on the list of ODA recipients are eligible for investment. In cases where a financial intermediary has a portfolio with both ODA- and non-ODA countries Norfund will seek to include mechanisms in the investment agreements that limit Norfund exposure to only countries on the list of ODA recipients, such as opt-outs, strict purpose of use etc.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Not relevant

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Norfund only invests in private sector entities.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Norfund does not finance non ODA-eligible activities.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

Yes, Norfund is regulated through its own act – Norfundloven (Norfund act) §1 limits the scope of Norfund's investments to Countries and territories categorized by the OECD as LMIC, or below, with an exception of other countries as defined by the Storting (Norwegian Parliament). In the state budget it is clearly stipulated that the Development Assistance Budget can only be utilized in ODA approved countries for ODA eligible activities. The Act further states that the purpose of Norfund is to assist in developing sustainable business and industry in developing countries by providing equity capital and other risk capital, and by furnishing loans and guarantees.

Score
1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

Yes, regulated through the Norfund Act and Statutes.

Score
1

¹¹ The category "other" includes:

- funding to a debt fund with 8,5% of their portfolio in Chile and Uruguay. Norfund's commitment was made when Chile and Paraguay were still on the list of ODA recipients. **This funding constitutes more than 60% of total figure reported under "other."**
- One investment into a fund that provides venture capital to early stage growth companies. Some of the funds portfolio companies are based out of Singapore, while their growth plan (and intention of funding) is targeting countries in the region on the OECD-DAC list of recipients. This applies for 4% of Norfund's committed capital to the fund.
- One investment fund which provides growth capital for companies wishing to expand in ODA countries in South East Asia. A small share of the funds portfolio companies (11%) are operating out of Singapore, but the funding provided through the fund is intended for growth in ODA listed companies in the region.

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Yes. See examples below:</p> <ul style="list-style-type: none"> - Section 1 in the Norfund Act states that the purpose of Norfund is to establish viable, profitable activities that would not otherwise be initiated because of the high risk involved. - Norfund statute 3 (1) states "Norfund's objective is to contribute equity and other risk capital, extend loans and provide guarantees for the development of sustainable business and industry in developing countries. The aim is to establish viable, profitable activities that would not otherwise be initiated because of the high risk involved." - Norfund statute 3 (4) Norfund's involvement shall normally cease when the Fund's participation can no longer be regarded as providing the enterprise anything other than or more than the enterprise can obtain in some other way. - Norfund's mandate is to (i) assist in building sustainable businesses and industries in developing countries by providing equity capital and other risk capital. And (ii) invest in businesses that would not otherwise be funded because of the high levels of risk involved. 	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes. To fulfill its mandate efficiently Norfund focuses on countries, sectors and instruments where capital is scarce and our development impact is likely to be strong. Capital is scarce where other investors are reluctant to invest because of high risk. These two criteria – additionality and impact – constitute the backbone of Norfund's strategy. This is operationalized through key performance indicators (KPIs) at portfolio level (for example for LDC and SSA share). Each investment area is supported by a Theory of Change linked to specific developmental outcomes. The additionality of individual investments is assessed ex-ante according to Norfund's additionality framework, reviewed by the investment/credit committee and reported on Norfund's website.</p> <p>The instruction for the Climate Investment Fund, which is managed by Norfund on behalf of the Norwegian Ministry of Foreign Affairs, highlights that the fund has a developmental objective by contributing to avoid greenhouse gas emissions <u>and</u> contribute to economic development in the countries the fund targets (all on the OECD list of ODA-recipients).</p>	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
<p>Yes, the government (represented by the minister for International Development) is the General Assembly of Norfund. The state's ownership of Norfund is managed by the Norwegian Ministry of Foreign Affairs. The minister also appoints all board members (with exception of two staff elected board members).</p>	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

Norfund is fully owned by the Norwegian Government and regulated by the Norfund Act

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

Norfund does not extend dividends.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
<p>Yes, the overall investment strategy is rooted in Norfund's purpose (set out in the Norfund Act as «to assist in developing sustainable business and industry in developing countries by providing equity capital and other risk capital, and by furnishing loans and guarantees»), and mission to "create jobs, improve lives and support the transition to net zero emissions by investing in businesses</p>	1

that drive sustainable development". Impact considerations guide the choice of investment areas, geographic allocations, and choice of primary instrument. This is designed to optimize impact at portfolio level. Each investment area has a developmental objective and a theory of change that outlines how the individual investment will contribute to the developmental objective and Norfund's mandate and mission. For each investment, a target and baseline linked to the development objective is set and performance tracked annually.

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes, Norfund's ordinary mandate has a focused country strategy with 30 core countries (all on the OECD list of ODA recipients) to maintain focus, ensure deep understanding of local markets and needs, and build on existing capabilities. Countries are selected based on Norfund's ability to be additional, have an impact and make successful investment.</p> <p>Norfund may also invest directly in other countries in SSA and/or LDC in Norfund's regions together with partners on a selective basis. Norfund may invest in other ODA-eligible countries through funds or platforms. Platforms and funds shall invest no less than 50% of their capital within Norfund's core countries, SSA or LDC</p> <p>Norfund has a focused investment strategy focusing on four investment areas selected on the basis of their high developmental impact and for its four investment areas (Renewable Energy, Agriculture & Manufacturing, Financial Inclusion, Green Infrastructure) further ensure alignment with national priorities.</p> <p>For each individual investment Norfund will assess the developmental objective of the ' and how we are additional. Norfund's strong presence in our markets with regional offices in Bangkok (covering South- and South East Asia), Accra (West-Africa), Cape Town (Southern Africa), Nairobi (Eastern Africa) and San Jose (LATAM) further ensure alignment with national priorities and strategies. Norfund's regional directors and investment teams are in frequent contact with local authorities and regulators. As part of due diligence of new investment Norfund uses internal expertise as well as international and local experts to ensure that the investment is compliant with relevant legislation and international standards, as well as to identify and mitigate risk (including ESG risk).</p> <p>The Climate Investment Fund which Norfund manages has a focused country strategy with 8 core countries (all on the OECD list of ODA recipients). The fund invests in renewable energy generation and associated enabling technologies. The priorities of CIF is aligned with national priorities to increase power generation based on renewable energy. Alignment with national energy and climate plans is a requirement in the instructions for the fund (Section 2 e).</p>	1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes, The developmental impact of individual investments is evaluated as part of the investment process and is part of the investment rationale. Depending on engagement level in the investment, Norfund may also choose to be a member or observer in the investee Board of Directors or in other parts of its governance structure.</p> <p>Norfund has a technical support facility (the Business Support program) which can co-finance clients to strengthen developmental effects. Further, Norfund is a responsible owner and may take board positions for equity investments where we have a substantial stake.</p> <p>Norfund adheres to the 4 cross cutting issues of Norwegian development aid policy:</p> <ul style="list-style-type: none"> • Human rights • Gender • Climate and environment • Anti-corruption <p>These cross-cutting issues are important in ensuring best possible impact from Norwegian development cooperation. Norfund is actively working to mitigate the risk of negative impact on these issues, as well as actively promoting any upside in individual projects or across the portfolio. This can be further supported through the technical support facility..</p>	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
<p>Yes, Norfund is a founding signatory to the "Operating Principles for Impact Management" (OPIM). In 2023, Norfund had an external verification of the development impact framework (available on www.norfund.no), and subsequently made revisions and strengthened the framework. In 2023 Norfund started the revision of the Theories of Change (ToCs), including updating the evidence base for each ToC. The building blocks of the developmental impact framework consists of strategies (which guide development objectives and geographical focus), the ToCs for each investment area (which outline what developmental effects we are expecting) and additionality framework.). Norfund's assessment of developmental impact is also informed by annual investee reporting on direct development</p>	1

effects, estimated indirect effects using the "Joint Impact Model" and case studies. In the strategy developments/ revisions (every fourth year), Norfund reassesses the geographic and sector strategy.

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

Yes. In addition to the sector specific ToCs that describe how and why the impact is expected to happen, individual investments will have a quantified baseline and target for development objectives, linked to the sector of the investment. After the investment decision, progress can then be tracked against these development objectives, based on the annual development effects reporting from all investees.

Score

1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Norfund's investments shall be restricted to companies or funds with activities in ODA-approved countries. All investments must be structured in accordance with Norfund's Responsible Tax Policy, which provides guidance on tax behaviour and choice of domicile.

Norfund cooperates with companies residing in a donor or other third country for investments in countries on the ODA list of recipient countries. This will for instance be on co-investments into SPVs for projects in partner countries. In the case of fund investments or other intermediaries, they might be domiciled in a non-ODA country, however their investments activity will take place in a ODA country.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

Norfund will only invest through a third country where necessary to adhere to the fund's development priorities by investing in high-risk markets and to protect the fund's capital. The use of intermediate jurisdictions may be necessary to provide a stable financial, legal and regulatory environment for investment, furthering Norfund's developmental impact (for instance, by increasing its capacity to mobilise other investors and generate investments to support business development, increase local tax revenues and growth). The rationale can for instance be (i) that the investment countries have a too weak and unpredictable legal and administrative regime to make investments, or (ii) the investment is in a fund or company with a regional mandate where the third country has a stronger regulation for regional operations.

Norfund aims to invest in holding companies and funds registered in countries that comply with the standards of the Global Forum on Transparency and Exchange of Information for Tax Purposes, including automatic exchange of tax information (AEIO), and/or through countries with which Norway has agreements on the exchange of tax information. In certain cases, Norfund may invest through holding companies and funds registered in countries that largely comply with the standards. In such cases, the investment documentation shall include an explanation.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

Norfund statute §3 (12) requires the fund to operate according to the principle of Norwegian Development Policy, which is untied. This is also represented in Norfund portfolio which contains a very small share of co-investments with Norwegian entities. The domicile of each investment is made public on Norfunds website: <https://www.norfund.no/our-investments/all-investments/>

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

Portfolio level: Additionality is one of three criteria when Norfund in the strategy development selects which markets to focus on. As such, additionality is core to Norfund's overall strategy and asset allocation.¹

Norfund's development mandate has **KPIs on a portfolio level** to focus investments into areas where other investors shy away:

- Share of investments in **LDCs**: 33%
- Share of investments in **SSA**: 50%
- **Equity** share of capital employed: 70%

The Climate Investment Fund should on portfolio level maintain a Equity share between 70-80% of committed portfolio over time. Furthermore CIF has an ambition on generating capacity finance,

Score

1

Individual investment level: Additionality is evaluated by investment teams and the investment/credit committee in each investment against Norfund’s additionality framework and a narrative assessment.

Norfund is financially additional when investing in an entity which struggle to obtain finance from the private capital market with similar terms or quantities due to high risk. Financial additionality also applies if the investment supports capital-constrained markets and if it mobilises capital from the private sector that would not otherwise have invested.

Norfund is value additional when we offer non-financial value, e.g. by providing or catalysing knowledge and expertise, promoting social or environmental standards or fostering good corporate governance.

Norfund’s additionality framework consists of ten additionality ambitions, reflecting both the financial and value additionality of our investments. The framework also includes the main development objective, including baseline and target, of each new investment. The framework informs our investment decisions and how we report additionality.

The assessment results in an additionality score (0-10) and is included in each investment paper. Investments with an **additionality score <=3** shall be accompanied by a clear and substantiated case for additionality beyond what is captured by the framework and/or substantial and well documented development effects expected as a result of Norfund’s investment.

Development additionality for each investment is derived from Norfund’s strategies and theory of change for each investment area and its corresponding business area.

For the Climate Investment Fund the development objective is derived from the fund’s mandate of avoiding greenhouse gas emissions and contribute to economic development.

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

	Score
<p>Yes, the additionality framework addresses market distortions by analysing all investments against the following criteria:</p> <ul style="list-style-type: none"> - The poorest countries (LDC, LMIC). The indicator is country income group, based on the DAC list of ODA eligible countries. - Investing in the most capital constrained markets. The indicator is “domestic credit to the private sector” which refers to financial resources provided to the private sector by financial corporations as % of GDP and is an indicator of the level of financing available in the domestic market. - Investing in the riskiest markets. The indicator is country credit rating which describes the risk level associated with the country of investment. Only investments in non-investment grade countries are scored. - Investing in sectors with high development needs. The indicator is “Sector additionality” which reflects the Norfund investments sector-specific development needs in the country of operation. Each sector-specific indicator is a composite of several underlying indicators aiming to capture different aspects of the development needs. - Investing in high-risk instruments. The indicator is investment instrument, and scores the scarcest forms of capital high, while senior debt in hard currency and guarantees are seen as low risk. - Targeting underserved segments. The indicator is the primary business type (segment) of (end)-client(s). For intermediaries, a weighted average by segment is applied based on loan book/underlying investment. This is rated based on the sub-sectors of Norfund’s four investment areas. - Mobilising private investors. The indicator is expected or actual private capital mobilisation and refers to amounts mobilised (equity or debt) from commercial sources (does not include DFIs, MDBs or other official sources) due to Norfund’s commitment. There must be a causal link between Norfund’s investment and the private capital mobilised. <p>Each of these ambitions have an assigned indicator and individual scoring 0.0 – 1.0.</p> <p>All investments need to be in line with Norfund’s mandate as stipulated in its by-laws. §3 describes the purpose of Norfund as contributing equity and other risk capital, extend loans and provide guarantees for the development of sustainable business and industry in developing countries. The aim is to establish viable, profitable activities that would not otherwise be initiated because of the high risk involved. This is an explicit instruction to invest in projects where private capital is not available, and where the fund is not crowding out private investors.</p> <p>Furthermore, Norfund’s investment teams (of which a large share is based at its five regional) use their insight into local markets and industry to ensure that investments are made on terms which do not crowd out private capital.</p>	1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

	Score
<p>Yes, Norfund assesses the commercial sustainability and viability of the investments. Main features include assessment of business model, quality of management and team, competitive landscape, market risks and opportunities, quality and suitability of products and services, regulatory landscape, macroeconomic and political risks, material climate risks and currency risks. The assessments follow the process in the Norfund investment manual, are a combination of internal and external reviews and presented in two stages</p>	1

(clearance in principle and final approval) to the investment committee or credit committee.

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Yes, the additionality framework is updated regularly. Latest revision was in 2023, and another one is planned for 2024 to comply with revised OECD PSI Additionality definitions. The data used for scoring (such as country income category and credit risk rating) is updated annually, while sector specific data is updated with every strategy period.

Score

1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Yes, the additionality is assessed ex-ante through the process outlined in Q.20. Investments with a low **additionality score** shall be accompanied by a clear and substantiated case for additionality beyond what is captured by the framework and/or substantial and well documented development effects expected as a result of Norfund's investment. At point of exit, Norfund will conduct a narrative analysis of the project's impact.

Score

1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

Norfund does not have any direct collaboration with export promotion agencies with the exception of one guarantee scheme that the Norwegian Export promotion agency manages on behalf of Norfund. The guarantee scheme is likely to be terminated and there has not been new client applications to the scheme since 2021. The total coverage of the scheme per Q3 2023 was 12,960,930 NOK and total exposure was 110,570 NOK.

A small number of the projects where Norfund is invested have guarantees or loans from the Norwegian export agency, Eksfin. This has been arranged by Norfund's client without direct Norfund involvement.

Furthermore, such guarantees and loans provided by Eksfin are in accordance with the "Arrangement" and are not reported as ODA.

Portugal: Portuguese Investment Support Fund in Mozambique (InvestimoZ)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Fundo Português de Apoio ao Investimento em Moçambique (InvestimoZ) was established by the decree of law nr 42/2010 from 30/04/2010. The entity in charge of managing this fund is SOFID.

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

The coefficient considered was 100%. The Fund financed 3 operations, between 2015 and 2018, all allocated to Mozambique, additional and administered with a development motive.

Please take note that in the values on the table are zero because, as stated, the operations occurred between 2015 and 2018.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing	Other
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	countries as their main objective, and additional financially and/or in value, together with their development additionality	
Allocated to countries and territories on the DAC List of ODA Recipients	100%	0
Other	0	0

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

The fund was established to participate in the financing of projects to be implemented only in Mozambique. Commercial department screens the projects that are presented to be financed by the fund. The country where the project is to be implemented is the first information we ask for. Projects that are not to be implemented in Mozambique are turned down.

If the project is in Mozambique, we request entities legal documentation to verify its authenticity. If the project passes the commercial and risk analysis is presented to the board of directors of SOFID as it is the fund's managing entity. If the board of SOFID approves the project, it is then presented to the Fund's Joint Commission. The Joint Commission was established through the Fund Management Regulation, as the entity responsible for the funds strategy and it is constituted by 6 elements, 3 nominees by Portugal and 3 nominees by Mozambique. This Commission is the entity that approves the projects to be financed by the fund.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Please see above answer nr 4. The procedures and safeguards in place are the same.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Up to now the fund has only financed private entities.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

The fund only finances projects related with ODA-eligible activities.

B. Mandate, mission, and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

Yes. Fundo Português de Apoio ao Investimento em Moçambique (InvestimoZ) was established by the law decree nr 42/2010 from 30/04/2010. In this law decree it is stated that the fund is created with the aim of promoting the financing of investment projects and partnerships in strategic areas, particularly in the areas of energy, in especially renewable energy, the environment and infrastructure -structures, with respect for sustainability criteria, economic, financial, and environmental, in Mozambique.

Score

1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

The creation of the Fund resulted from a memorandum of understanding signed on June 30, 2008, between the Portuguese Republic, through the Ministry of Finance and Public Administration, and the Republic of Mozambique, through the Ministry of Energy, within the scope of the reversal of the majority ownership of Cahora Bassa hydroelectric plant and it is one of the instruments of the Portuguese state cooperation strategy.

Score

1

The Fund is fully subscribed by the General Directorate of Treasury and Finance (DGTF) - Ministry of Finance of Portugal,

which is its only participant. To date, there are 20.7% of the subscribed capital was paid up.

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

Yes. The mandate of the Fund addresses development additionality. Law decree nr 42/2010 states that in its policy guiding framework, the alignment with the needs of beneficiary countries is key and promoting the capacitation at the level of the respective public administrations, their private sector and its human capital is paramount to its implementation. In particular, the relationship with Portuguese-speaking African countries, is considered as one of the priority intervention vectors for Portuguese cooperation, as well as the promotion of economic growth and private sector development.

Score

1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

As SOFID is the fund managing entity, the established internal procedures, and controls of SOFID are extended to the fund's activity and operations with the necessary adaptations.

On an operating level, potential clients and active clients are required to identify the expected impacts of projects on development goals (namely SDGs) and remit that information periodically to SOFID and if they are not meeting the goals, explanations are required, and at the limit, SOFID's board of Directors may propose to the Fund's Joint Commission to divest from the project.

Score

1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

The Fund has a Joint Commission whose members are appointed by the Portuguese Government and by Mozambique government, who is responsible for the fund's investment strategy and approval of all investment proposals.

It is SOFID's Financial Department responsibility to make the annual activities plan and budget. This annual plan and budget is subject to the approval of SOFID's Board of Directors. SOFID's Board of Directors presents the annual plan and budget to the Fund's Joint Commission for their approval. After, annual activities plan, and budget are subject to approval by the Ministry of Finance.

SOFID is in charge of operationalizing the plan and achieving budget's objectives. As stated in the previous answer the established internal procedures, and controls of SOFID are extended to the fund's activity and operations with the necessary adaptations.

Score

1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

The Fund is fully subscribed by the General Directorate of Treasury and Finance (DGTF) - Ministry of Finance of Portugal, which is its only participant

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No, there are no dividends.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

In general terms, SOFID's internal policies and regulations are extended to the fund's activities with the necessary adaptations.

SOFID has in place credit risk policies and regulations that clearly state that the projects supported by SOFID or the Fund InvestimoZ must be framed within the goals of economic development for developing countries that are part of the Portuguese cooperation strategy.

Score

1

A future step will be to consider SDG impact of private investments in the commercial policy.

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

The fund's activity is well aligned with Mozambique's specific needs as well as with the SDGs. Clients of the fund must answer on a yearly bases a questionnaire about the impacts of their projects in the country's development.

Score

1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

During previous years SOFID has been developing a working framework to operationalize our impact strategy, and namely, to put a marketing strategy in place, these efforts include the fund and its disclosure. We intend to finish this works with the appointment of a new Board of Directors in 2024 and with the definition of our future business model (please see answer nr 7a of SOFID's questionnaire).

At the present moment our mechanisms encompass, client questionnaires, SDG checklists, and project performance monitorization.

Score

1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

During previous years SOFID has been developing a working framework to operationalize our impact strategy (including SOFID's products and the Fund). We intend to finish this works with the appointment of a new Board of Directors in 2024 and with the definition of our future business model (please see answer nr 7a of SOFID's questionnaire).

The current method for measuring the impact of projects is divided into 2 phases:

1st phase: gathering information to analyze the viability of the project. At this stage we ask the client to send us information about the project and the socio-economic impact it will have in the country of implementation, specifically mentioning the SDGs. If there are any doubts, we will talk to the client and, if the doubts are not resolved, we will ultimately decline the project.

2nd phase: monitoring and following up the project. Throughout the duration of the project and on an annual basis, we ask clients to send us information on the development of the project and specifically on the impact in terms of the SDGs, putting this impact into concrete, verifiable terms.

Score

1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

SOFID has embedded in the client questionnaires (also for InvestimoZ) used to gather information in the preselection process questions to assess the development impact of projects. Answers are analyzed and compared with available information at the time on the countries of implementation needs and priorities for development as well as with the SDGs objectives.

Score

1

17. For information, please explain the rationale, modalities, and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Not applicable to the Fund.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

Not applicable to the Fund.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

All InvestimoZ investments are decided on purely commercial terms and do not include any subsidies/grants.

SOFID and InvestimoZ don't include any clauses in its financing contracts that indicate that the purchases to be made within the scope of the financed projects must be made from a specific entity. The client chooses its suppliers independently.

Purchases made with InvestimoZ funding must be properly documented. The client needs to send us the invoices for the purchase of the equipment and proof that it has been received by the company located in Mozambique. An analysis of the documentation shows that, for sustainability reasons, clients favor local purchases whenever possible.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

	Score
<p>SOFID implements a two-level Additionality policy throughout its portfolio that is extended to the Funds activities:</p> <ul style="list-style-type: none"> • Financial additionality – The Fund's loans are different from the commercial banking offer because they have grace periods and longer payback periods, thus rewarding investments with an impact on the development of Mozambique. In what concerns equity investment, the Fund never takes a majority share in a company's capital and, in case of loans our financing is always complementary. • Development additionality - the projects supported by the Fund are characterized by supporting the creation of SMEs and creation of long-term jobs in Mozambique. <p>Mechanisms to ensure additionality are included in commercial and credit risk analysis. We gather information on potential clients, namely we use a risk assessment tool to assess their economic viability. We have mandatory questionnaires and check lists of information that the potential client needs to fulfil before we evaluate the project.</p> <p>Based on the information gathered, commercial department conducts its analysis and if considers that both project and client are viable, proposes to the executive board member that the project is sent to the credit risk department so that this department conducts a risk evaluation.</p> <p>The outcome of this risk evaluation is the basis for the decision of the Executive Committee on presenting the project to the Fund's Joint Commission or not.</p> <p>Throughout project's life cycle we monitor their development and performance on a yearly basis, namely the maintenance of the additionality conditions.</p>	1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

	Score
<p>Through the Fund's commercial offer, we help mitigate investment risk for our clients. Fund's commercial offer is characterized by equity investments, loans to finance additional capital increases, and guarantees. The Fund is not the major financier of the supported projects and always is a minor shareholder.</p> <p>Fund's products make it viable for our clients to implement projects in higher risk environments than if there would only be available other commercial financiers offer, without distorting financial market conditions.</p>	1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

	Score
<p>As previously mentioned SOFID's Policies and Regulations are extended to the Fund with the necessary adaptations. Based on those concerning credit risk, we gather information on potential clients, namely we use a risk assessment tool to assess their economic viability. We have mandatory questionnaires and check lists of information that the potential client needs to fulfil before we evaluate the project.</p> <p>Based on the information gathered the commercial department conducts its analysis and if considers that both project and client are viable, proposes to the executive board member that the project is sent to the credit risk department so that this department conducts a risk evaluation, namely based on the internal risk model. The outcome of this risk evaluation is the basis for the decision of the Board of Directors on presenting the project to the Fund's Joint Commission. Also, based on this risk analysis commercial conditions to propose to the client are defined and namely, equity share that the fund proposes to take, period of investment and divestment conditions.</p> <p>In what concerns equity risks assessment and management, the following procedures have been put in place:</p> <p>Monitor the evolution of the markets in which investees operate; Monitoring their performance and preparing the appropriate follow-up reports; Periodically checking compliance with contractual clauses and the shareholders' agreement; Participating, whenever</p>	1

requested by the Board of Directors, in the governing bodies of subsidiary companies; Investment decisions of the investees must be approved by the Fund, regardless of the capital stake held by the Fund.

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

We intend to review our additionality framework as soon as a new Board of Directors is appointed in 2024. However, we guide ourselves for OECD definition of additionality (please see answer nr 7a of SOFID's questionnaire).

Score

1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Our mechanisms to ensure additionality are included in our commercial and credit risk analysis. We gather information on potential clients, namely we use a risk assessment tool to assess their economic viability. We have mandatory questionnaires and check lists of information that the potential client needs to full fill before we evaluate the project.

Based on the information gathered the commercial department conducts its analysis and if considers that both project and client are viable, proposes to the executive board member that the project is send to the credit risk department so that this department conducts a risk evaluation.

The outcome of this risk evaluation is the basis for the decision of the Executive Committee on presenting the project to the Fund's Joint Commission. Based on Joint Commission's decision, commercial conditions are presented to the client.

Throughout project's life cycle we monitor their development and performance on a yearly base, namely the maintenance of the additionality conditions.

Score

1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

There is no collaboration.

Portugal: Sociedade para o Financiamento do Desenvolvimento, IFIC, SA (SOFID)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Full official name of the institution: SOFID - Sociedade para o Financiamento do Desenvolvimento, IFIC, SA

Official abbreviation: **SOFID**

Year the institution was created: 11/10/2007

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

The last capital increase happened in 2018. The amount reported as ODA (institutional approach) resulted from the application of the 93% of the eligibility coefficient on the SOFID portfolio to the total amount of SOFID capitalization (8.500.000€). The assessment to the SOFID portfolio considered the loan to Chile, a non-eligible country.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of

developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	S. Tome & Principe – 2021 - 3.000.000 € Morocco – 2022 - 2.000.000 € Morocco – 2023 - 1.000.000 € Ghana – 2022 - 1.000.000 € Total 7.000.000 €	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

NOTE from PT: Data for Morocco 2022 and S. Tome & Principe 2021 on this map has been updated since the CRS report in the respective years.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

SOFID has internal policies and regulations in place, concerning credit risk.

Our credit risk policy strategy included in these documents, states that: "Credit risk management strategy is established in accordance with the institution's risk appetite statement. As a DFI, its mission is to support economic, social and environmental development in countries classified at a lower stage of development - low income countries (LIC) or lower middle income countries (LMIC), particularly within the CPLP framework or in other countries that are part of the Portuguese State's international cooperation strategy and support for the internationalization of companies, its action involves a greater degree of exposure to counterparty risk, which results from the risk arising from projects that are developed in socio-economic frameworks vulnerable and who therefore do not find the necessary support for their implementation in commercial banking."

Every project, presented to SOFID for financing is subject to commercial analysis and risk analysis, based on the credit risk policy and credit regulation. Included in the commercial analysis are procedures to identify the project's target country in OECD DAC List of ODA Recipients and the risk analysis also considers the target country.

During the loan life cycle, clients are contractually obliged to on an annual basis send us information about project's execution and its impact on the beneficiary country and also, elements of SOFID's commercial and risk departments periodically travel to the project execution sites to verify their execution as planned.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

In the selection phase of a new project, information about the project is collected, including its location, and expected impact in the country of implementation. Information is also collected about the entities involved in the project, namely those that will benefit from the funds. The information collected includes the legal information on the entity's constitution, tax information and data on the capital owners. If the information is not received the project is not financed.

The contract establishes the entity(ies) beneficiary of the funds, the conditions in which funds are made available to them and the information that proves the transfers of funds to the project's target country. Client must provide us this information as well as proof of the use of these funds in accordance with as foreseen in the approved/restructured project and financing contract.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

We only finance private entities.

6. For information, if relevant, please describe the nature of finance provided in support of non-ODA-eligible activities.

Medium- and long-term financing.

B. Mandate, mission, and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>Mandate/Mission:</p> <ul style="list-style-type: none"> ▪ SOFID - Sociedade Financeira para o Desenvolvimento, S.A. was incorporated in 2007 as a means of contributing to foster economic growth in emerging economies, in tune with Portugal's co-operation strategy, and for purposes of financing foreign investment in emerging economies. <p>SOFID's mandate is closely aligned with Portuguese co-operation policies with a view to contribute towards the achievement of Sustainable Development Goals. SOFID finances development and investment projects that promote local sustainable development and that are aligned with the overall mandate of the Institution, without prejudice to its capacity to broaden the scope of its action to include funding projects developed by local interests, provided such projects are sustainable in terms of risk and profitability, qualify for obtaining funding from multilateral institutions and promote sustainable development.</p> <ul style="list-style-type: none"> ▪ Its strategic goals are: <ol style="list-style-type: none"> i) To support Portuguese co-operation policies and to contribute towards their efficacy and visibility. ii) To provide funding to private investment by Portuguese interests in emerging and developing economies. iii) To foster economic growth and the sustainable development of a dynamic private sector in emerging and developing economies. <p>As such, SOFID is the Portuguese institution specializing in the provision of development finance, working in close cooperation with other development agents such as Camões ICL and AICEP (Portuguese Internationalization and Foreign Trade Agency), and with international financial institutions, and namely the European Commission, FEDS (European Development Funds), the EDFIs (European Development Finance Institutions), MDBs (Multilateral Development Banks), PIDG (Private Infrastructure Development Group), international banks and investment funds active in emerging markets, with a view to offer properly structured finance solutions that can be preferably implemented by Portuguese interests. It must also ensure that the projects it finances are suitable to address the needs of third countries, namely member countries of CPLP (Community of Portuguese-speaking countries), Western Africa, Northern Africa and Latin America, thereby contributing to strengthen relations between Portugal and those countries.</p>	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
<p>SOFID is an entity part of the state business sector, having the Portuguese state as its major shareholder. SOFID's mandate was established by the government and SOFID must follow Portugal's co-operation strategy (ECP 2030). In defining its strategy SOFID must embed the established priorities of the Portuguese cooperation strategy. Namely, the following priorities of ECP 2030 are mandatory for SOFID:</p> <ul style="list-style-type: none"> • Promote strategic resources for ODA and enhance cooperation with IFIs, through SOFID, to leverage other sources of financing, including risk sharing and mitigation, mixed instruments, and technical assistance. • Support the creation of programs to stimulate private sector investment in key partner countries, including technical assistance for SMEs and dissemination of relevant information, with contribution of AICEP, E. P. E., all relevant sectoral areas and CSOs, under coordination of Camões, I. P., and SOFID, S. A. • Deepen dialogue and coordination between relevant national actors, at all levels, namely among the governmental areas of foreign affairs and finance, relevant public institutions, such as Camões, I. P., SOFID, S. A., AICEP, E. P. E., and the chambers of commerce, business associations and commercial banks. <p>To fulfil its mandate and the established on ECP 2030 SOFID, needs to undergo a reform and strengthen its capabilities, for full affirmation as the main financial arm of Portuguese Cooperation in supporting the private sector and capitalizing on private resources for development, at the service of national foreign policy. This need has been previously recognized and the restructuring and strengthening of SOFID's organization were initiated several years ago. The pandemic situation has caused delays in this process, and we are still undergoing it. During 2024 we expect the appointment of a new Board of Directors that will have as a major priority the definition of a new strategy encompassing the above goals stated in ECP 2030 and the strengthening of the organization and its business model under the universe of <i>Banco Português de Fomento</i> (BPF) which is a company with capital held by public entities (created in November 2020).</p> <p>Please consult answer in question 9 for detailed operational mechanisms.</p>	1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Our Vision statement says: "Financing sustainable private activities is a fundamental pillar for the economic and social development of countries in transition". This affirmation states our commitment with development additionality. We select projects that develop the economies where they are implemented, either by allowing the creation and development of SMEs in those countries with consequent increase in employment rates (creation of long-term jobs) and by developing infrastructures and industry sectors, as tourism for instance.</p> <p>The pillars of our activity clearly states financial additionality: "SOFID's intervention is complementary to the financial offer of commercial banks and the services offered by other internationalization instruments, intervening only when it adds value to an operation." This pillar addresses SOFID concern with financial additionality and non-market distortion. Our operations (mostly loans) generally have grace periods and longer durations than market commercial banks offer for the same target countries and our pricing is based on market rates (EURIBOR), also SOFID is not the major financier of the projects that we support. Consistent application of these commercial conditions allows SOFID to fulfil its role as a development financial institution as we provide a financial offer that support our clients in executing development projects in lower and middle-lower income countries with a higher risk.</p> <p>Our Vision and Mission statements can be found at: https://www.sofid.pt/sobre-nos/</p>	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<p>On an operating level, potential clients and active clients are required to identify the expected impacts of projects on development goals (namely SDGs) and remit that information periodically to SOFID and if they are not meeting the goals explanations are required, and in the limit, we may terminate the financing contract early.</p> <p>In terms of governance, SOFID has a Strategic Council which is mandated to analyze all Board proposals concerning the setting of priorities for the sectors and territories in which the institution is to be active, as well as their conformance to the Portuguese Republic's economic and co-operation for development strategies.</p> <p>In addition, SOFID is part of the Development Harmonization process underway within the scope of the EDFI - European Development Finance Institutions, with particular attention to energy and environmental issues and to the promotion of gender equality.</p>	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
<p>SOFID has a Strategic Council which is mandated to analyze all Board proposals concerning the setting of priorities for the sectors and territories in which the institution is to be active, as well as their conformance to the Portuguese Republic's economic and co-operation for development strategies.</p> <p>SOFID is responsible to its shareholders. Due to the Institution's shareholders structure, its annual action plan and budget are subject to approval by the Ministry of Finance and the institution is required to be financially self-sustaining. In operational terms, SOFID works in close connection with the Portuguese Foreign Ministry.</p> <p>Its Executive Committee is charged with the day-to-day management of the institution but its strategy, annual budget, and certain activities, namely incurring debt and issuing new shares, are subject to shareholder approval.</p> <p>The institution is legally accountable to Government and submits its audited annual accounts to the national Court of Auditors.</p> <p>SOFID's new Board of Directors took office on May 17 and they are in the process of getting to know the company and its activities. In accordance with Portuguese state's cooperation strategy (ECP 2030), SOFID will be integrated into Banco Português de Fomento, S.A. Group, through the transfer of the Portuguese state's shareholding to Banco Português de Fomento, S.A.(BPF).</p> <p>The aim of this integration is to promote synergies in the financial, operational and governance systems, and internal control areas, to increase effectiveness and efficiency of the organization, while strengthening technical knowledge and diversifying financial instruments and promotional channels used, in order to fully comply with ECP 2030, namely the priorities stated in answer 4a. above.</p> <p>For detailed information, please consult:</p> <p>1. ECP 2030: 02 Strategic Objective 2: Reinforce the intervention capacity of Portuguese Cooperation / 2.3. Enhancing national actors Bolstering the involvement of a multitude of actors that participate in Portuguese Development Cooperation, with distinctive added value and areas of intervention, specifically the private sector, civil society, and local authorities, as well as enhancing the role of the sectoral ministries. / 2.3.1 - Deepening involvement with the private sector. Pages 44-46 in document attached (Portuguese version).</p>	1

2. Decreto-Lei n.º 119/2023, Decree-law allowing the preparatory acts necessary for the transfer of the State's stake in SOFID, S. A., to Banco Português de Fomento, S. A., attached (Portuguese version).

Until June/2025 BPF will carry out legal, accounting and tax audits to assess SOFID's assets, liabilities, and contingencies. Within 90 days of receiving the results of the audits, BPF will draw up a strategic plan for SOFID, to be submitted for approval to the Portuguese Government. After approval, SOFID's Board of Directors, will draw up a proposal for an activity plan and budget considering the company's financial and operational needs arising from the approved strategic plan.

Once the procedures referred to in the preceding paragraphs have been completed, Portuguese State may transfer its stake in SOFID's capital to BPF. Until then SOFID continues its commercial activity as usual.

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

SOFID is 80,54% owned by the Portuguese State through the Treasury.

The remaining shareholders are:

- Banco BPI 4,27%
- Novo Banco 4,27%
- Caixa Geral de Depósitos 4,27%
- Millennium BCP 4,27%
- Corporación Andina de Fomento 2,37%.

As such, the share of public capital in total capital is 80,54% held directly, and as the sole shareholder of Caixa Geral de Depósitos, the national government holds, directly and indirectly, a total of 84,81% of capital.

The rationale behind the diversified shareholding was to bring the private sector on board with the aim of fostering cooperation and create synergies between private and public sector in implementing the Portuguese cooperation strategy.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

To date, the institution has not distributed dividends to shareholders

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

SOFID has in place credit risk policies and regulations that clearly state that the projects supported by SOFID must be framed within the goals of economic development for developing countries that are part of the Portuguese cooperation strategy. Also, SOFID has designed a quantified impact checklist for each SDG that is an integrated part of the information pack that companies must provide to SOFID for yearly project monitorization. We also include in this pack a questionnaire about the impacts in the country's development.

Score

1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

SOFID's activity is well aligned with developing countries' specific needs as well as with the SDGs.

Score

1

In what concerns SDGs, SOFID is focussing the impact of its projects on 5 main SDGs, the measurement and dissemination of which follows clear metrics that are the same for all the institutions belonging to the EDFI Association:

- SDG 5 - gender equality (adoption of the 2X Challenge methodology);
- SDG 8 - decent employment (HIPS0 principles);
- SDG 10 - fragile countries;
- SDG 13 - climate (World Bank's Common Principles for Climate Mitigation Finance Tracking);

- SDG 17 - partnerships for development.

SOFID's main objectives in terms of impact were defined as follows:

1. Promoting inclusive and sustainable development by supporting projects that create decent jobs and promote growth in the societies in which they operate, prioritising those that enable the digital and technological transition.
2. Promoting gender equality and empowering women are strategic priorities for SOFID. Reducing social and economic disparities between women and men is a fundamental topic that will lead to a fairer and more prosperous society. Through the projects supported and the creation of international commitments in this area, the foundations are being laid for contributing to this United Nations goal.
3. Promoting carbon neutrality, The financial sector can play a key role in guiding private investment towards the necessary transition to more sustainable models. In 2020, SOFID signed a commitment to combat climate change, declaring that it would not support fossil fuel projects and would achieve carbon neutrality in its portfolio by 2050.

Enforcing efforts:

SOFID has embedded in its client questionnaires used to gather information in client 's preselection process questions to assess the development impact of projects and ESG concerns. Answers are analyzed and compared with available information at the time on the countries of implementation needs and priorities for development as well as with the SDGs goals. For our portfolio, on a yearly basis, clients remit us information about projects performance and impact, namely SDGs impact. This information is evaluated by our risk department and if defined criteria aren't being met, questions are made.

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

During previous years we have been developing a working framework to operationalize our impact strategy, and namely, to put a marketing strategy in place. We intend to finish this works with the appointment of a new Board of Directors in 2024 and with the definition of our future business model.

At the present moment our mechanisms encompass, client questionnaires, SDG checklists, and project performance monitorization.

Please consult answer in question 7 a. for more detailed information.

Score

1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

During previous years we have been developing a working framework to operationalize our impact strategy. We intend to finish this works with the appointment of a new Board of Directors in 2024 and with the definition of our future business model.

Please consult answer in question 7 a. for more detailed information.

Score

1

The current method for measuring the impact of projects is divided into 2 phases:

1st phase: gathering information to analyze the viability of the project. At this stage we ask the client to send us information about the project and the socio-economic impact it will have in the country of implementation, specifically mentioning the SDGs. If there are any doubts, we will talk to the client and, if the doubts are not resolved, we will ultimately decline the project.

2nd phase: monitoring and following up the project. Throughout the duration of the project and on an annual basis, we ask clients to send us information on the development of the project and specifically on the impact in terms of the SDGs, putting this impact into concrete, verifiable terms.

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

SOFID has embedded in the client questionnaires used to gather information in the preselection process questions to assess the development impact of projects. Answers are analyzed and compared with available information at the time on the countries of

Score

1

implementation needs and priorities for development as well as with the SDGs objectives.

17. For information, please explain the rationale, modalities, and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Regarding its collaboration with other financial institutions and companies, SOFID has formal relations with the following entities in the financial sector: There have been protocols of cooperation, credit lines, among other forms of collaboration.

International

- CAF - Corporación Andina de Fomento
- IFC - International Finance Corporation
- EIB – European Investment Bank
- ADB – African Development Bank
- EDFI - European Development Finance Institutions Management Company

(Portugal)

- CGD - Caixa Geral de Depósitos
- BPI – Banco Português de Investimento
- Millennium BCP
- Novo Banco

Local

- BFA - Banco de Fomento Angola
- BCI - Banco Comercial e de Investimentos

(Moçambique)

- Millennium BIM (Moçambique)

Agências de Investimento

- APIEX - Agência Para a Promoção de Investimento e Exportações (Moçambique)

The following entities are SOFID's shareholders- CAF, CGD, BPI, Millennium BCP, Novo Banco. In addition to institutional relations, there are occasional knowledge-sharing projects.

EDFI – SOFID is EDFI network a member and participates in several of EDFI working groups. Up to this date SOFID hasn't participated in any financing facility with other EDFI members.

BEI – SOFID has contracted a credit line with the EIB, guaranteed by the Portuguese state, aimed at investment by Portuguese SMEs in the ACP countries. The line ended in June/2023.

IFC – SOFID signed a MoU with IFC in 2019 in order to jointly explore private financing opportunities in tourism sector in Lusophone African countries.

ADB – There is a strategic agreement between Banco Africano de Desenvolvimento (ADB), Portugal, Brasil and African Portuguese Speaking Countries. It aims to reinforce the development potential of these countries, through the acceleration of public and private investment and technical assistance support. SOFID facilitates the connection of Portuguese companies, ADB and Portuguese Government. In terms of financing SOFID finances projects directly.

BFA, BCI, Millennium Moçambique - SOFID has signed cooperation protocols with these entities and guaranteed loans for Portuguese companies with Millennium Moçambique.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

Not applicable to SOFID.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

All SOFID investments are decided on purely commercial terms and do not include any subsidies/grants.

SOFID does not include any clauses in its financing contracts that indicate that the purchases to be made within the scope of the financed projects must be made from a specific entity. The client chooses its suppliers independently.

Purchases made with SOFID funding must be properly documented. The client needs to send us the invoices for the purchase of the equipment and proof that it has been received by the company located in the country of investment. An analysis of the documentation shows that, for

sustainability reasons, clients favor local purchases whenever possible.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

	Score
<p>SOFID implements a two-level Additionality policy throughout its portfolio:</p> <ul style="list-style-type: none"> • Financial additionality - SOFID loans are different from the commercial banking offer because they have grace periods and longer payback periods, thus rewarding investments with an impact on the development of eligible countries. • Value additionality - the projects supported by SOFID are characterized by supporting the creation of SMEs and creation of long-term jobs in the countries we support, and we aim to enter long partnerships with our clients providing them comfort in launching multiple projects in developing countries. <p>Our mechanisms to ensure additionality are included in our commercial and credit risk analysis. We gather information on potential clients, namely we use a risk assessment tool to assess their economic viability. We have mandatory questionnaires and check lists of information that the potential client needs to full fill before we evaluate the project.</p> <p>Based on the information gathered, commercial department conducts its analysis and if considers that both project and client are viable, proposes to the executive board member that the project is sent to the credit risk department so that this department conducts a risk evaluation, namely based on the internal risk model.</p> <p>The outcome of this risk evaluation is the basis for the decision of the Executive Committee on financing the project or not. Based on this risk analysis, commercial conditions to be proposed to the client are defined.</p> <p>Throughout project's life cycle we monitor their development and performance on a yearly basis, namely the maintenance of the additionality conditions.</p>	1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

	Score
<p>Through our commercial offer we help mitigate investment risk for our clients. Our commercial offer is characterized by loans with grace periods and longer payback periods than market commercial banks offer for the same target countries, SOFID is not the major financier of the supported projects, and our pricing is based on market rates (EURIBOR).</p> <p>These commercial conditions make it viable for our clients to implement projects in higher risk environments than if there would only be available other commercial financiers offer, without distortion of financial market conditions.</p>	1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

	Score
<p>Based on our Risk Appetite Statement and our Policies and Regulations concerning credit risk, we gather information on potential clients, namely we use a risk assessment tool to assess their economic viability. We have mandatory questionnaires and check lists of information that the potential client needs to full fill before we evaluate the project.</p> <p>Based on the information gathered the commercial department conducts its analysis and if considers that both project and client are viable, proposes to the executive board member that the project is send to the credit risk department so that this department conducts a risk evaluation, namely based on the internal risk model. The outcome of this risk evaluation is the basis for the decision of the Executive Committee on financing the project or not. Also, based on this risk analysis commercial conditions to propose to the client are defined and namely, the spread of the operation and collaterals to be provided by the client are established.</p> <p>Also, our financing contracts have covenants regarding project and client company sustainability and if they are not met SOFID can apply penalties to the contract's financial conditions and on a limit situation, terminate the contract.</p>	1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Score

We intend to review our additionality framework as soon as a new Board of Directors is appointed in 2024. However, we guide ourselves for OECD definition of additionality.	1
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

<p>Our mechanisms to ensure additionality are included in our commercial and credit risk analysis. We gather information on potential clients, namely we use a risk assessment tool to assess their economic viability. We have mandatory questionnaires and check lists of information that the potential client needs to full fill before we evaluate the project.</p> <p>Based on the information gathered the commercial department conducts its analysis and if considers that both project and client are viable, proposes to the executive board member that the project is send to the credit risk department so that this department conducts a risk evaluation, namely based on the internal risk model.</p> <p>The outcome of this risk evaluation is the basis for the decision of the Executive Committee on financing the project or not. Based on this risk analysis commercial conditions to propose to the client are defined.</p> <p>Throughout project's life cycle we monitor their development and performance on an yearly base, namely the maintenance of the additionality conditions.</p>	Score 1
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

Up to date there are no collaboration initiatives to report.

Spain: Fund for the Promotion of Sustainable Development (FONPRODE)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Fund for the Promotion of Sustainable Development - under the Spanish Agency for International Development Cooperation- depending from the Ministry of Foreign Affairs, European Union and International Cooperation.

Official abbreviation: FONPRODE under AECID.

Year the institution was created: FONPRODE was created in 2010.

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

N/A

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years¹² which have been a) allocated to countries and territories on the DAC List of ODA Recipients¹³ and b) administered with the promotion of economic development and welfare of developing countries as their main objective¹⁴ and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing	Other
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¹² For newly established or restructured PSI vehicles, please provide ex-ante estimation of these disbursement totals based on relevant documents outlining the vehicle strategy, mandate and objectives.

¹³ In specific cases, this may also include activities extended through intermediaries in donor or third countries, provided the main objective of the financing is the promotion of economic development and welfare of ODA Recipients, and relevant due diligence has been carried out by the PSI vehicle.

¹⁴ See also specific rules on the ODA-eligibility of certain items in DCD/DAC/STAT(2020)44, paragraphs 76-135.

	countries as their main objective, and additional financially and/or in value, together with their development additionality	
Allocated to countries and territories on the DAC List of ODA Recipients	2021: EUR 33.859.232 2022: EUR 10.228.188 2023: EUR 60.340.215	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

FONPRODE is only active in ODA-eligible countries. Countries not included in ODA Recipient list are automatically not considered for analysis. 100% of the Institution's portfolio is allocated to development projects through ODA eligible instruments: credits - to sovereign, sub-sovereign entities and microfinance institutions- and equity funds whose primary objective is the promotion of development and which comply with ODA directives.

The mechanisms to ensure that finance allocated to multiple countries or regions only targets ODA recipients include rigorous project selection criteria and alignment with the DAC List of ODA Recipients. During the project approval process, a thorough verification is conducted to ensure that the beneficiary countries or regions are on the DAC List. During the project implementation, continuous monitoring and evaluation are carried out to confirm that the funds are being used appropriately and in accordance with ODA principles. In case of a multiple countries/region project (mostly driven through an investment fund) decides to invest in a country not eligible, FONPRODE participation is secured and will not invest in that country.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Yes, newly established or restructured PSI vehicles under FONPRODE include several safeguards to ensure that ex-ante estimations are implemented effectively and its alignment with DAC List ODA criteria. The safeguards include detailed ex-ante assessments that evaluate potential impacts and compliance with development goals. Moreover, prior to the development of an initiative or project, an ex ante analysis of the operation's impact is carried out and the GPR impact assessment tool (German cooperation tool adapted to the Spanish cooperation) is used for this purpose. For microfinance operations other tools are also used¹⁵.

Additionally, robust monitoring and evaluation frameworks are established to track progress and adherence to ODA principles throughout the project lifecycle. Regular audits and stakeholder reviews further ensure that the allocated funds are used as intended and achieve the anticipated development outcomes.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

FONPRODE has in the past funded TFs in IFIs that lend on those resources for development purposes. That type of activity will be part of our strategy more systematically moving forward, as we aim to achieve our growth targets. It may consist of loans to National and sub-national development banks and/or to contributions to TFs to provide blending resources to IFIs, both regional or global. The common denominator shall be that resources will be channeled to the end beneficiaries through private sector institutions, be them financial institutions or investment funds.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

No activities in non-ODA countries are funded.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

Score

¹⁵ Ex ante analysis are not published and are for internal use but if needed we could share some of them with the Secretariat for analytical purposes bearing in mind that these are confidential papers that facilitate decision making.

YES. (see Royal Decree 597/2015 of 3 July 2015 approving the Regulations of the Fund for the Promotion of Development <https://www.boe.es/eli/es/rd/2015/07/03/597/con>)

1

FONPRODE's objective is developmental. FONPRODE aims to eradicate poverty, reduce social inequalities and inequities between individuals and communities, gender equality, defend human rights and promote human and sustainable development in impoverished countries.

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

FONPRODE can develop operations of a non-reimbursable nature and operations of a repayable nature, both debt and capital (to public and private debtors), such as:

Score

1

- Development projects and programmes, in the form of grants or untied credit in concessional terms, from State to State;
- Financial contributions to development programmes and international multilateral development agencies;
- Global contributions and funds whose main objective is the fight against poverty;
- Contributions to private investment funds and vehicles in priority sectors for Spanish cooperation;
- Contributions to microfinance programmes

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

FONPRODE loans are required by law to be eligible as ODA, hence all its operations ought to meet OECDs criteria for ODA eligibility. More specifically, private sector operations (financial inclusion lending and impact investment) undergo a specific screening for their additionality, as a pre check before a full due diligence is performed. All possible dimensions of additionality are examined.

Score

1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

The Fund Managers of FONPRODE sets key performance indicators in relation to development objectives for each operation/project in its portfolio that are monitored during the life of the project. The Corporate Policy Project Rating (GPR) is used with this aim. Please, refer also to answers #4 and #5.

Score

1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

AECID (Spanish Agency for International Development Cooperation) dependent on the Ministry controls the day-to-day management of the institution and is in charge of the administration of the fund, through the FONPRODE Office. Once approved by the Steering Committee (Comité Ejecutivo del FONPRODE) and ratified by the General Audit of the State Administration, the Council of Ministers will authorize the operation.

Score

1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

The National Government is the sole shareholder of the Fund.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

FONPRODE has not distributed dividends and profits to shareholders. Reimbursements from operations (including dividends and profits) normally return to the Treasury and the Fund is capitalized annually with a grant from the general state budget.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

Score

Yes, as stated above, FONPRODE's objective is to eradicate poverty, reduce social inequalities and inequities between individuals and communities, gender equality, defend human rights and promote human and sustainable development in impoverished countries.	1
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13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
Eligibility of operations is based on a project profile that primarily checks the alignment of the activities to be financed with the existing country cooperation framework (MAP). Each MAP, as a programming tool, is in turn the outcome of an extensive dialogue between our cooperation stations (OCEs) and public and private sector leaders in each country. That initial check is then complemented with missions and interviews that help complete the project profile.	1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
The Fund Managers of FONPRODE sets key performance indicators in relation to development objectives for each operation/project in its portfolio and the GPR tool is also used with this aim. Please, refer also to answers #4 , #5 and #8 for further information.	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
Yes, the development impact framework is reviewed and kept up to date through a continuous process of evaluation and improvement. Regular assessments are conducted to measure the effectiveness of the framework in achieving the expected development outcomes. These assessments involve collecting and analyzing data on key performance indicators and impact metrics. Based on the findings, adjustments and updates are made to the framework to address any identified gaps or emerging challenges. Additionally, the framework is periodically reviewed by governance bodies, which include representatives from various sectors, to ensure it remains aligned with evolving international standards and best practices.	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
Yes, FONPRODE assesses the development impact and additionality of individual investments ex-ante. The assessment process begins with an initial screening to determine the potential for additionality, considering factors such as financial viability, development impact, and the necessity of FONPRODE's involvement. This is followed by a detailed analysis to evaluate the specific additional benefits the investment would bring, including financial, social, and environmental additionality and support. Projects demonstrating significant additionality are presented to an approval committee that reviews the findings and decides on the funding. Throughout the investment's lifetime, continuous monitoring and evaluation are conducted to ensure that the anticipated additional benefits are realized and to identify any need for adjustments. At the end of the investment period, a final review assesses the overall additionality achieved and draws lessons for future investments.	1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

FONPRODE activity -regarding targeting the final beneficiaries- is only active in ODA-eligible countries (please refer to question n#4). The mechanisms to ensure that finance allocated to multiple countries or regions only targets ODA recipients include thorough project selection criteria and alignment with the DAC List of ODA Recipients. To mitigate the risk of exposure to non-ODA countries, FONPRODE implements modalities such as setting clear investment guidelines and criteria that vehicles must follow. These guidelines ensure that funds are allocated only to projects within ODA-eligible countries. Additionally, FONPRODE may require robust tracking and reporting mechanisms from its partners to monitor the allocation and impact of funds.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

Although the final investment and exposure will be allocated only in ODA-eligible countries, FONPRODE can invest in operations that are domiciliated in donor territories. The rationale for channeling investments by the PSI vehicle through intermediaries in donor or third countries is to enhance efficiency, impact, and reach. Intermediaries offer expertise, resources, and networks, improving project selection and management. They help mobilise private capital and manage risks, making investments more attractive. Intermediaries also facilitate market access and compliance with local regulations. Additionally, this approach supports capacity building in developing regions, strengthening local financial institutions for sustainable development.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

Several mechanisms are implemented to ensure transparency, competition, and alignment with development goals, rather than benefiting specific countries or companies.

- **Open and Competitive Bidding Processes:** investments are allocated through transparent and competitive bidding processes. FONPRODE ensures that the best proposals are selected based on merit, effectiveness, and alignment with development objectives, rather than on the basis of national origin.
- **Strict Eligibility Criteria:** clear and stringent eligibility criteria are set for project selection. These criteria focus on the developmental impact, sustainability, and feasibility of projects, ensuring that investments are directed toward initiatives that best meet these objectives, regardless of the nationality of the implementing partners.
- **Independent Review and Evaluation:** an independent review and evaluation process is established to assess proposals and monitor ongoing projects. This process involves external experts and stakeholders who provide unbiased assessments, ensuring that decisions are based on objective criteria and not influenced by national or corporate interests.
- **Transparency and Reporting Requirements:** a detailed reporting and disclosure of project information is required, including financial and operational data. This transparency ensures that all stakeholders can scrutinize the allocation and use of funds, helping to prevent any implicit or explicit tying of investments.
- **Alignment with International Standards:** investments are aligned with international standards and best practices for development finance. This includes adherence to guidelines set by organizations such as the OECD, which promote untied aid and transparent investment practices.
- **Regular Audits and Compliance Checks:** regular audits and compliance checks are conducted to ensure that all activities adhere to the untied nature of investments. These audits help identify and address any deviations from the established guidelines and principles.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

Please check in the Strategic doc. of FONPRODE: “Financial Cooperation Action Framework for Spanish Reimbursable Cooperation” in page 18 for references to additionality in strategic documents. In pag 18: “The provision of funding on concessional terms to support the private sector is not permitted or is only allowed in certain cases where there is a market failure or when you cover distributional targets in a population. With regards to the way additionality is justified:

- In the case of financial inclusion, the terms of FONPRODEs loans (maturities and rates) are basically not available in the relevant market. Covenants incorporated in our contracts with financial institutions require them to build and/or maintain a robust reporting system that is the base of our monitoring system.
- On the other hand, in investment vehicles, financial additionality is further supported by pointing at the needs in specific investment objectives/sectors i.e., green activities, SMEs growth..., which are currently underserved by the private financial entities. The measuring and reporting framework of each impact investment allows for an extra layer of control of FONPRODEs additionality.

Score

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

Yes, it does. Please check in the Strategic doc. of FONPRODE: “Financial Cooperation Action Framework for Reimbursable Spanish Cooperation”

<http://www.aecid.es/Centro-Documentacion/Documentos/Marco%20de%20Actuacion%20Cooperacion%20Financiera%20Rembolsable%20version%20final.pdf>

In pag 18: “The provision of funding on concessional terms to support the private sector is not permitted or is only allowed in certain cases where there is a market failure or when you cover distributional targets in a population. Some examples are:

1. Asymmetric information failures leading to risk aversion by and under-provision of certain goods and services. This occurs in the

Score

1

case of SME financing.

2. High initial investment costs, as in the case of infant or child industries, new energy-efficient technologies, etc..

3. Existence of gaps between social and economic returns. An example of this situation occurs when one seeks to improve the economic opportunities of certain disadvantaged vulnerable groups through the provision of certain services / public goods at an affordable price".

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

Yes, the vehicle assesses the commercial sustainability of its activities and the viability of its investees through a **financial analysis** of the operation (of financial health, including financial statements, cash flow projections, profitability, and key financial ratios); through **market analysis** (an assessment of market demand, competitive landscape, trends, and growth opportunities to ensure market viability); through **risk assessment** (identification and evaluation of potential financial, market, operational, and external risks, with strategies for mitigation); through the **business model evaluation** (to ensure robustness, scalability, and a sustainable revenue model); through **management and governance** (evaluation of the management team's experience, skills, and governance practices to ensure strong leadership and effective governance); through the **social and environmental impact** (assessment of the investee's contributions to social inclusion, job creation, and environmental sustainability); and through the **monitoring and reporting** (regular performance tracking through ongoing monitoring and reporting mechanisms).

Score

1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Yes, the additionality framework for FONPRODE is regularly reviewed and kept up to date. This review process involves periodic evaluations to ensure the framework remains aligned with the evolving goals of development assistance and international best practices. Stakeholder feedback, including input from beneficiaries, partner organizations, and independent evaluators, is incorporated to refine the framework. The framework is updated to maintain compliance with international standards and guidelines set by organizations like the OECD. The review also focuses on enhancing methodologies for measuring the social, economic, and environmental impacts of funded projects, ensuring the framework remains adaptable to changing economic conditions and development priorities.

Score

1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Please refer to question n#16.

Yes, FONPRODE assesses the development impact and additionality of individual investments ex-ante. The assessment process begins with an initial screening to determine the potential for additionality, considering factors such as financial viability, development impact, and the necessity of FONPRODE's involvement. This is followed by a detailed analysis to evaluate the specific additional benefits the investment would bring, including financial, social, and environmental additionality and support. Projects demonstrating significant additionality are presented to an approval committee that reviews the findings and decides on the funding. Throughout the investment's lifetime, continuous monitoring and evaluation are conducted to ensure that the anticipated additional benefits are realized and to identify any need for adjustments. At the end of the investment period, a final review assesses the overall additionality achieved and draws lessons for future investments.

Score

1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

AECID collaborates with European DFIs, national agencies and other export credit agencies to enhance development financing by leveraging additional resources and mitigating risks. This collaboration is based on the rationale of utilizing the expertise and financial capabilities of export credit agencies to support larger and riskier projects. The modalities of this collaboration include co-financing, where both parties pool resources to fund significant projects; risk-sharing agreements, which involve jointly assuming financial risks to attract private investors; and joint project development, ensuring projects meet both development and commercial goals.

The scope of this collaboration covers various sectors such as infrastructure, renewable energy, healthcare, and education, and extends to multiple regions, including those underserved by traditional financial markets.

Sweden: Swedish International Development Cooperation Agency (Sida): guarantee instrument

Basic identification details

- For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Sida/Swedish International Development Cooperation Agency

A. Disbursement breakdown

- For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

100%

- For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	18 684 554 USD	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

- For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

The mission of Sida is to support ODA Recipient countries in accordance with the instructions from the Government Office in Sweden.

- For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Not applicable. The guarantee reserve (ie the PSI vehicle) has been in place for many years.

- For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

The guarantees may be issued also to official sector, however the main counterparts are private. When working with MDBs the guarantees may also cover public risk.

- For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

This is not the case.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

The ordinance decided by the Government Office states: Section 2 The Swedish International Development Cooperation Agency (Sida) may issue guarantees pursuant to this ordinance for the purpose of contributing to the mobilisation of other financial resources in order to achieve the objective set by the Riksdag for international aid. Guarantees issued shall contribute to economically, socially and environmentally sustainable development.	Score 1
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- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

Yes, as mentioned in questions 7 the national government have decided on an ordinance to govern the administration of the vehicle, which also is aligned with the Swedish guarantee model applicable for all guarantee agencies in Sweden.	Score 1
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- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

<p>Yes, the ordinance states: A guarantee may be issued if</p> <ol style="list-style-type: none"> 1. the guarantee is used within the framework of strategies adopted by the Government or other objectives for aid operations. 2. the risk of negative market disruption within the financial sector or the sector to which the guarantee debtor belongs is deemed to be negligible, and 3. the funding, at a cost reasonable to the guarantee debtor, is not available through financial markets within the support of the guarantee. <p>Furthermore, the Swedish guarantee model aims at self-sustainability in accordance with the model established by the Swedish National Debt Office:</p>	Score 1
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8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

<p>Yes, the development objectives are followed up by the strategy owner, who is responsible for the development strategy with the recipient.</p> <p>The Sida guarantee operations are audited regularly by the Swedish National Audit Office as part of the Swedish development aid. SNAOs mandate is to scrutinize the Sida guarantees in order to make sure that regulations are followed as well as the different steering instruments from the Swedish Government Office. In addition each guarantee agreement includes reporting requirements to capture development objectives. They are reported on annually or semi-annually. This is monitored by the strategy owner, who is responsible for the development strategy within the recipient.</p>	Score 1
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9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

Yes, reporting on the strategy are made by the strategy owning entity on regular basis.	Score 1
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10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

The Swedish government office is the owner of Sida. Sida is a government agency.
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11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

Yes, The ordinance state for development guarantees states: A guarantee may be issued if 1. the guarantee is used within the framework of strategies adopted by the Government or other objectives for aid operations. See also response to question 7.	Score 1
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13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

The tool for this is the development strategies decided by the government office. The strategies are developed in cooperation between Sida/Embassies/and MFA.	Score 1
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14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

Development results and impact are reported through the website OpenAid, also in strategy reporting and partly through Sidas website. The guarantees are followed up semi-annually by the responsible officers both from a development perspective and from a financial/risk perspective during the lifetime of the guarantee. The Sida Guarantee Portfolio Management Unit summarize the results of the guarantee portfolio in a report at least every second year. Before the term of the guarantee has ended a final follow up is done in order to assess if the transaction has produced the anticipated results. Once every year a conclusion of Performance is done by the strategy owner. This is to capture the development results. At the same time the guarantee officer is conducting a statement on Guarantee to capture financial performance of the Guarantee. A pilot project was done with ILO to develop a better result framework to capture the development result in a more efficient way. This pilot was successful and we have now a more comprehensive way of developing the result framework.	Score 1
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15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

A conclusion on Performance, with focus on development impact, is done yearly by the unit under the development strategy connected to the Guarantee.	Score 1
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16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

For a guarantee to be decided on a separate decision needs to be taken by the unit responsible for the development strategy. The main purpose of the assessment and the decision is to secure that the Guarantee is in line with the development objectives of that specific strategy. Below please find some of the aspects covered in the development impact assessment: Poor people’s perspectives on development in terms of to what extent the contribution corresponds to the needs, priorities and preconditions expressed by people living in poverty themselves. Consider also how the contribution contributes to reduced poverty for the target group(s) in terms of improved opportunities for people to escape poverty. More specifically the perspectives of people living in poverty The perspectives of people living in poverty shall be considered in all contributions. This means that the contribution should build on the needs, priorities and preconditions expressed by people living in poverty themselves. To what extent is the contribution in line with what people living in poverty express themselves about their needs, preconditions and priorities? Use evidence of what people	Score 1
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living in poverty prioritise, and what changes they want to see in their lives, their communities and their nations, and assess whether the contribution corresponds to this.

Contributing to changes for people living in poverty

All contributions should contribute to changes that benefit people living in poverty, or under oppression. This means that the assessment should always consider how the contribution and the cooperation partner will improve the situation for women and men, girls and boys, living in poverty, directly or indirectly with the needs, conditions and priorities of people living in poverty as point of departure. Examples of questions to ask and assessments to be made:

How will the contribution improve the situation for women, men, girls and boys living in poverty? Which groups living in poverty are affected by the contribution? Will the contribution affect these groups in the short-term, the medium-term or the long-term? Is the contribution expected to improve the situation for people living in poverty in the short-term (through direct interventions), in the medium-term (such as service delivery, infrastructure improvement) or in the long-term (through e.g. institutional changes)? Is the approach motivated by the understanding of poverty and vulnerability in the specific context and the composition of the strategy portfolio? In which dimensions (resources, power and voice, opportunities and choice, and human security) will the contribution affect women, men, girls and boys living in poverty? Is the contribution likely to reduce deprivations within one or several of the four dimensions? Which structural underlying causes of poverty and vulnerability does the contribution address? Multiple causes (economic and social, political and institutional, conflict, environmental), including risks and shocks, interplay to push people into a situation of poverty and to keep them there. Knowledge about how the causes and risks affect different groups is fundamental to define effective policy measures and approaches to reduce poverty and vulnerability.

What are the main risks relating to that the contribution does not benefit people living in poverty? Are there risks related to not reaching the specific groups targeted by the contribution? Are there risks related to changes in the context and the constraints and opportunities addressed by the contribution affecting poor people? Are there risks related to the capacity of the cooperation partner to address the situation of people living in poverty and vulnerability?

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

The contact areas are mainly with the guaranteed party, I e a bank, fund, international organization/bank, UN etc.

Sida has developed and adopted a Due Diligence Tool where a screening is done. In addition, the Swedish National Debt Office takes risks on the guaranteed part into account by assigning the guaranteed part a credit rating when estimating Sida's total risk in each guarantee. In the assessment process the responsible officer at embassies is included in the assessment team and also have close contacts with the party to be guaranteed during the preparation and negotiations.

Below is an extract from the Sida contribution management system regarding choice of partners:

Assess the partner's activities, ownership structure and business model and explain the choice of partner. If there is one (or a few) individual borrowers, the borrower shall also be assessed.

Basic requirements

Clarify how the contribution meets SFS (Svensk författningssamling) 2011:211 6 §. A guarantee or a loan may be given only to an honourable party who is judged to have the needed prerequisites to perform the operation related to the guarantee or loan. A guarantee may only be given if the guarantee beneficiary is expected to be able to accomplish its obligations according to the guarantee conditions.

In-depth instruction

For the guarantee to be additional it must also be assessed that underlying conditions should suggest that the potential for the guarantee to be utilized are good. Choice of partner will therefore be key. It needs to be assessed that the partner's interest/strategy is aligned with the intention of the intended outcome of the guarantee. The guarantees should serve as an additional security in cases where borrowers lack sufficient collateral or where the financial track record is not fully proven.

Choice of partner

Operation: Describe the operation of the cooperation partner including its offer/ products, target groups, the size of the operation (total assets), number of employees and geographic coverage

Legal framework: State its type of business entity, legal residence, the governing legal framework and structure of authority supervision

Ownership structure: Describe the ownership structure and make an in-depth assessment of any large owners. Highlight aspects needing monitoring, if any. Describe "the lender of last resort" hence the ultimate provider of liquidity in case of financial constraint.

The mission of the contribution: Describe in what way the cooperation partner and Sida share the same mission for the contribution.

The cooperation partner's strategy: Describe how the contribution is supported by the strategy of the cooperation partner. Also describe the cooperation partner's previous experience operating within the area, or nearby areas, of the contribution.

The business model of the contribution: Describe how the cooperation partner plans to implement the contribution. Describe their credit process, your assessment of their credit assessment competence, knowledge of relevant sector/s and likelihood to reach out to the target group.

Financial position, relevant for the contribution: Use the external risk evaluation, the financial statement of the partner and other information gathered during the structuring of the contribution and assess the financial position of the partner. Whenever necessary, an in-depth analysis shall be performed. This is for instance motivated for smaller local financial institutions. For all financial institutions, at least the following items should be commented. Cut the following headings into your response:

- RoE
- Return on equity
- Proportion of nonperforming loans in loan portfolio.
- Specifically in the area/adjacent areas to the contribution's focus (if the contribution includes lending)
- Loan loss provisions (loan loss reserve/nonperforming loans).
- Specifically in the area/adjacent areas to the contribution's focus (if the contribution includes lending)
- Write offs (final losses) of nonperforming loans.
- Specifically in the area/adjacent areas to the contribution's focus (if the contribution includes lending)
- Collateral level.
- Specifically in the area/adjacent areas to the contribution's focus (if the contribution includes lending)
- Nonperforming loans recovery process.
- Specifically in the area/adjacent areas to the contribution's focus (if the contribution includes lending)

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

Coordination and legislation developed for the purpose.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

It is stated in the ordinance: Section 5 Guarantees shall be issued without the requirement of Swedish content in deliveries or financing (untied aid).

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

The relevance or development additionality is the key to enter into the assessment of a possible contribution and the theory of change needs to be described in the assessment memo. Also one of the main key tests is the assessment of the financial additionality to make sure that the financing not is crowding out the market.

Below is an extract from the Sida contribution management system regarding additionality and market distortion, see also the response at Q17 regarding Choice of partner:

Assess and describe how the contribution is additional, risk for market distortion and choice of partners, based in the basic requirements for guarantees

Describe the additionality of Sida's guarantee based on how the market is estimated to function today. The contribution can be additional because the recipient is unable to obtain funding at a reasonable cost.

Basic requirements

Clarify how the contribution meets SFS (Svensk författningssamling) 2018:2098 §3. A guarantee may be issued if 1. the guarantee is used within the framework of strategies adopted by the Government or other objectives for aid operations, 2. The risk of negative market distortion within the financial sector or the sector to which the guarantee debtor belongs is deemed to be negligible, and 3. the funding, at a cost reasonable to the guarantee debtor, is not available through financial markets without the support of the guarantee.

In-depth instruction

DAC suggests Financial additionality as referring "to financing provided in cases where private sector partners are unable to obtain commercial financing owing to the high risk nature of the investment. Financial additionality aims to avoid market distortion i.e. institutions do not compete with other commercial finance providers, but rather support capital constrained markets, and, where possible, crowd in investments." All contributions shall be additional, i.e. Sida must assess and justify that without Sida's guarantee, the development result will not be achieved, at least not to the extent as expected with the guarantee. Describe why the result will not take place without Sida's guarantee and how Sida will contribute to the realization of the results.

Score

1

Sida must be additional in relation to offers from market participants, not in relation to other aid actors.

Make references to the relevance assessment for a more comprehensive picture of the results. Describe if the borrowers have existing financing options that, at a reasonable cost, would accommodate their financing needs also without Sida's intervention, i.e. explain whether there already is a market for loans in the intended segment.

The underlying loan conditions are in line with the market

Basic requirements

Clarify how the contribution meets SFS (Svensk författningssamling) 2018:2098 §8 Sida may issue guarantees for the purpose of sharing risks with other actors and enabling financing solutions on acceptable terms for interventions that Sida considers to be of great value from a development standpoint.

In-depth instruction

The analysis shall focus mainly on the second part of the above paragraph from the Ordinance. Describe how the loan conditions for the underlying loans are planned including pricing and compare with general conditions on the market for similar loans. Assess if the conditions are reasonable and acceptable. Refer to question c. above regarding additionality and the assessment of the possibilities for the target group to be given loans at reasonable conditions in the relevant market. The risk that the contribution contributes to market distortion in the financial sector or sector financed by the guarantee.

Basic requirements

Clarify how the contribution meets SFS (Svensk författningssamling) 2018:2098 §3, punkt 2. the risk of negative market distortion within the financial sector or the sector to which the guarantee debtor belongs is deemed to be negligible.

In-depth instructions

Answer the questions below with respect to the guarantee beneficiary (and borrowers in the event that there are one or a few large individual borrowers).

The analysis concerns local market distortion

Assess whether there are any private guarantors that Sida possibly competes with.

Assess whether the guarantee creates an advantage for the beneficiary of the guarantee in relation to other actors in the same segment of the local market. Do the same assessment for any single major borrower (if applicable). If procurement has taken place at any point, please describe it (as the procurement may revoke the basis for market distortion). Also provide information on whether there has been an application process that may revoke the basis for market distortion. (This may for instance be the case if there has been an open application procedure.)

Market facilitating interventions always have a market impact. Assess whether the expected effects of the guarantee intervention are more positive than negative, and if the intervention is expected to have a development impact on the financial market or other areas. Briefly assess whether the state aid rules have been adhered to. In the case of public procurement adherence to state aid rules need not be commented since public procurement is in itself a correct procedure with regard to the EU's state aid rules.

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

The additionality assessment address market distortion and positive market distortion is accepted. That means that if the market is developed and broadened or maybe non existing the impact of a transaction is seen as an important effect of the support given.

Score

1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

The counterpart shall be assessed to be credible and be able to manage the transaction.

Score

1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Sida has a guiding document on additionality (development and financial) which forms the basis for the assessment of additionality. It gives guiding principles for the review and continues to be and integrated part during the lifetime of the guarantee. When analysing and writing yearly conclusion on Guarantee this additionality is an integrated part.

Score

1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

	Score
Assessment of additionality is part of the assessment prior to decision. The guiding document forms the basis for the assessment and is part of the whole assessment of the contribution.	1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

No such link is established today.

Sweden: Swedfund International AB (Swedfund)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Swedfund International AB, "Swedfund", 1979

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

ODA coefficient 100% (2023). Swedfund's public policy assignment is to contribute to reduced poverty through sustainable investments in developing countries, which means that all investments target developing countries with a development objective. Swedfund is governed by Owner Instructions. According to the Owner Instructions §1a Swedfund shall contribute to the goal of Sweden's Policy for Global Development (PGD) for equitable and sustainable global development. The objective of Swedfund's operations is the goal of Sweden's international aid policy in general – to improve standards of living for people who live in poverty and oppression. Swedfund's operation shall contribute to economically, socially, environmentally, and climatically sustainable development. To deliver on the mission, Swedfund receives annual capital injections from the government as set out in Sweden's Policy for Global Development (PGD). Swedfund received a capital injection of 1 460 MSEK for 2024. 460 MSEK were earmarked for climate investments.

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	Swedfund received 4 120 MSEK in capital injections annually between 2021-2023 and the entire amount has been allocated to countries and territories on the DAC List of ODA Recipients in line with the Owner Instructions §3a where it reads that Swedfund shall invest in operations and in countries which, according to the OECD Development Assistance Committee (DAC) definition, qualify for development financing. Swedfund's investments contribute to development additionality by ensuring that the investments are financially, environmentally, climatically, and socially sustainable as stated in §1c of Swedfund's Owner	

	Instructions. Swedfund's additional role is regulated in accordance with OECD/DAC criteria for additionality (Owner Instructions §1b).	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

All of Swedfund's investments are, as per the Owner Instructions §3a, exclusively made in countries on the DAC List of ODA Recipients. Swedfund invests in DAC 1-3 and post-conflict countries and its Owner Instructions allow for investments in DAC 4 under certain circumstances (mainly investments in renewable energy). The investment proposals received are first reviewed, and those that match the development objectives and criteria are then analysed in more detail. Investment managers and analysts, working alongside experts in ESG, law, and development, conduct a thorough analysis of all potential investments to ensure they fulfill Swedfund's development requirements.

To ensure that finance allocated to multiple countries or regions (i.e. indirect investments in regional or global funds) only target ODA Recipients, Swedfund includes an exclusive clause in the legal agreement regulating which countries the fund can invest in. Swedfund may reach an agreement with the fund concerning what is known as an 'opt out right', which gives entitlement not to go ahead with an investment that does not meet Swedfund's requirements, e.g. with regard to the country of investment or certain sectors. Swedfund has well-developed monitoring processes and is often involved in LPAC, which is an association of eight to ten representatives from the largest investors in a fund. Swedfund is participating in this to ensure that the investment is developing in the desired direction.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Swedfund was founded in 1979 and is therefore not considered a newly established or restructured PSI.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Non-applicable as Swedfund exclusively invests in the private sector in developing countries. However, Swedfund's Project Accelerator finances feasibility studies in the public sector in developing countries to make more projects bankable. This finance is grant-funded and is separately allocated from the Swedish government development cooperation budget and thus reported separately.

6. For information, if relevant, please describe the nature of finance provided in support of non-ODA-eligible activities.

No such activities are allowed due to Swedfund's Owner Instructions §1a and §3b.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>Yes, the development purpose of Swedfund is clearly set out in the Owner Instructions §1 a. Swedfund shall contribute to the goal of Sweden's Policy for Global Development (PGD) for equitable and sustainable global development. The objective of Swedfund's operations is the same goal as Sweden's international development cooperation in general - to improve standards of living for people who live in poverty and oppression. Swedfund's operations shall contribute to economically, socially, environmentally, and climatically sustainable development.</p> <p>In addition to §1a as outlined above, §2 of the Owner Instructions outline Swedfund's mission objectives, which are followed up and reported annually to the owner as well as in the Integrated Annual Report, in which sustainability- and development effects data is audited with the same level of authority as financial data through an external audit. The mission objectives are the following:</p> <p>a) Turnover and profitability shall increase in no less than 60% of the Company's investments during the holding period with a base year corresponding to the investment year.</p> <p>b) No later than 2045, the investment portfolio of the Company shall be climate-neutral, by which is meant that the portfolio shall</p>	1

have a net zero release of greenhouse gases in accordance with the IPCC definition. The total release of greenhouse gases per invested krona shall accordingly decline over time with 2020 as the base year.

c) i) Increased gender equality in the Company's investment portfolio in terms of 2x-Challenge criteria or comparable criteria shall be met in not less than 60% of the Company's investments not later than three years from the date of investment. ii) Compliance by 100% of the Company's investments with decent working conditions in accordance with the core ILO conventions not later than three years from the date of investment.

d) The Company's investment portfolio shall mobilise no less than 30% of commercial capital.

a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

Yes, Swedfund is governed by the State Ownership Policy and principles for state-owned enterprises. The Government has a mandate from the Riksdag (the Swedish Parliament) to actively manage state-owned enterprises to ensure optimal long-term value performance and, where applicable, that specifically adopted public policy assignments are duly performed. The Government's guidelines for external reporting are included in the state's ownership policy. Companies in the state company portfolio must comply with the ten principles of the UN Global Compact, the UN's Guiding Principles on Business and Human Rights, and the OECD's Guidelines for Multinational Enterprises.

The Ministry of Finance appoints one member of Swedfund's board, serving in his/her personal capacity. Swedfund's Board of Directors determines the company's strategy based on the State Ownership Policy and principles for state-owned enterprises and the Owner Instructions. The Board also decides on new investments. The owner also gives instructions to the Swedfund's Board of Directors in the Owner Instructions. The most recent changes to the instructions were made in 2019. The content of Owner Instructions is formalised through decisions at general meetings. Monitoring of public policy targets and financial targets is accomplished through an owner dialogue between representatives of the owner and the chairman of the board, whereby outcomes in relation to the targets are discussed, along with any measures planned for achieving the targets. In addition to this, fulfilment of development objectives is reported specifically to owner on an annual basis (see below) and also audited by external auditors in annual integrated report. The targets may be revised if there is a material change in circumstances and when that situation occurs, mission targets are revised in dialogue between Foreign ministry (providing mission and funding), Ministry of Finance (as responsible for state owned companies), board and Swedfund senior management.

In line with the Owner Instructions §4 d Swedfund annually (before February 28th) provides an accounting of the use of capital contributions to the Ministry for Foreign Affairs and Ministry of Finance, by separately reporting costs, anticipated revenues, and development effects per investment including information regarding investment instruments, geography, and sector.

Score

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b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

Yes. The Owner Instructions §1b specifies that Swedfund shall participate in investments that are assessed as unable to be carried out by means of commercial financing alone, and that competition with commercial financial players shall be avoided. It also specifies that prior to adopting decisions regarding investments, Swedfund's additional role shall be assessed by OECD/DAC criteria for additionality.

Swedfund shall be financially self-sustainable according to its financial goals, which were adopted in 2019 and stipulate that the operating profit (EBIT) must be positive when measured as a mean over a five-year period. The goal requires the company's operations to be financially sustainable and to be cost-effective for taxpayers. Swedfund is allowed to re-invest potential dividends in new investment opportunities.

Score

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8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

Yes. To fulfill its mission efficiently Swedfund focuses on countries, sectors, and instruments where capital is scarce and the development effects are likely to be strong. Capital is scarce where other investors are reluctant to invest because of high risk. These two criteria – additionality and development effect – constitute the backbone of Swedfund's strategy. Each of Swedfund's focus sectors are supported by a Theory of Change linked to specific developmental outcomes. The additionality of individual investments is assessed ex-ante according to Swedfund's additionality framework, integrated into the investment process. Anti-corruption, human rights, environmental management systems, and tax, are essential aspects of Swedfund's value-creating work. To ensure development effects are pursued in effect within the four focus sectors Energy & Climate, Financial inclusion, Sustainable enterprises,

Score

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and Food Systems, Swedfund's capital is linked to requirements and support.

Swedfund's business model is centered on generating results within three pillars: impact on society, sustainability, and financial viability. These pillars permeate every stage of the investment process – right from the initial assessment during the investment phase, through the active ownership phase and all performance monitoring, and finally exit from the investment. Swedfund reviews its strategy annually to ensure the company is moving in the right direction to achieve set goals. Swedfund's external analysis and the situation in our operating countries represent important inputs in the review process.

Swedfund annually provides an account of the use of capital contributions to the Ministry for Foreign Affairs and Ministry of Finance, by separately reporting costs, anticipated revenues, and effects per investment including information regarding investment instruments, geography, and sector. In addition, Swedfund annually reports its results in an Integrated Report, where both financial and sustainability data are audited by external auditors to ensure development effects are reached.

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

Swedfund is fully owned by the Swedish state and reports to both the Ministry of Finance and the Ministry for Foreign Affairs. Swedfund's Board of Directors is appointed by the General Meeting. The Ministry of Finance appoints one member of the board, serving in his/her personal capacity (the rest of the Board members are independent). Swedfund's Board of Directors determines the company's strategy based on the State Ownership Policy and principles for state-owned enterprises and the Owner Instructions. The Board also decides on new investments.

The owner instructs the company's board of directors through Owner Instructions. These are adopted by a general meeting of the shareholders (latest on 6 December 2019). The Owner Instructions are formalised through a resolution by the general meeting. Where an assignment is conveyed through the Owner Instructions, the instructions must clearly state how the assignment is financed, reported, and monitored. Monitoring of public policy targets and financial targets is accomplished by means of an owner dialogue between representatives of the owner and the Chair of the Board, whereby outcomes in relation to the targets are discussed, along with any measures planned for achieving the targets. The targets may be revised if there is a material change in circumstances.

The link to the Government's aid policy is clearly referred to in Swedfund's Owner Instructions §1 a, according to which:

"In order to fulfil the objective of the aid policy, the Company shall, in its operations, proceed on the basis of and integrate the perspective of the poor in respect of development, a rights perspective, a conflicts perspective, a gender equality perspective, and an environmental and climate perspective. The Company's operations shall contribute to long-term sustainable results."

To ensure contribution to the mission, the following mission objectives are set out in the Owner Instructions (§2):

- a) Turnover and profitability shall increase in not less than 60% of the Company's investments during the holding period with a base year corresponding to the investment year.
- b) No later than 2045, the investment portfolio of the Company shall be climate-neutral, by which is meant that the portfolio shall have a net zero release of greenhouse gases in accordance with the IPCC definition. The total release of greenhouse gases¹ per invested krona shall accordingly decline over time with 2020 as the base year.
- c) i) Increased gender equality in the Company's investment portfolio in terms of 2x-Challenge criteria or comparable criteria shall be met in not less than 60% of the Company's investments not later than three years from the date of investment. ii) Compliance by 100% of the Company's investments with decent working conditions in accordance with the core ILO conventions not later than three years from the date of investment.
- d) The Company's investment portfolio shall mobilise not less than 30% of commercial capital.

These are reported separately on financial and mission objectives in the Integrated Annual Report.

Score

1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

Swedfund is a limited liability company 100 % owned by the Swedish state. The Ministry of Finance is responsible for the governance and administration of Swedfund and coordinates the nomination process of Swedfund's board members. Swedfund is financed by the Ministry of Foreign Affairs through the Aid Development Cooperation budget and with influence on societal mission and development objective in line with Swedish Policy for Global Development.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

Swedfund does not extend dividends. Swedfund re-invests potential re-flows from the portfolio in new investment opportunities.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
<p>Yes. Swedfund promotes the economic development and welfare of developing countries as regulated in the Owner Instructions §1 a where it reads that Swedfund shall contribute to the goal of Sweden’s Policy for Global Development (PGD) for equitable and sustainable global development. The objective of the Swedfund’s operations is the goal of Sweden’s international development cooperation in general - to contribute to the creation of conditions for improved standards of living for people who live in poverty and oppression. The Company’s operation shall contribute to economically, socially, environmentally and climatically sustainable development. As stated in the Owner Instructions, in order to fulfil the objective of the Swedish aid policy, Swedfund shall, in its operations, proceed on the basis of and integrate the perspective of the poor in respect of development, a rights perspective, a conflicts perspective, a gender equality perspective, and an environmental and climate perspective. In addition, Swedfund’s operations shall contribute to the long-term sustainable result.</p> <p>Swedfund’s business model is centered on generating results within three pillars: impact on society, sustainability, and financial viability. These pillars permeate every stage of the investment process – right from the initial assessment during the investment phase, through the active ownership phase and all monitoring of performance, and finally exit from the investment. Swedfund’s strategy is set out for the period 2024 – 2030. It is reviewed annually to ensure that we are moving in the right direction to achieve set goals. The external analysis and the situation in our operating countries represent important inputs in the work.</p> <p>In the assessment stage of each investment opportunity, a thorough analysis of the market is conducted to evaluate local needs. The initial assessment examines whether the proposal is consistent with the investment strategy and development objectives, and how the investment can contribute to the attainment of Swedfund’s goals as owner and the SDGs. Swedfund carries out an overall evaluation of the country, the company, its business plan and strategic partners, and Swedfund’s potential role in advancing development effects. In every investment, Swedfund’s role must be additional, which means providing resources which are crucial to the development of the investment that would otherwise not have been available. Swedfund is a long-term owner and the exit phase generally starts when Swedfund considers the goals that were established for the investment to have been achieved or when we cease to be ‘additional’. Swedfund measures development results via indicators (KPIs), which are based on the public policy assignment and the mission objectives. Information about additionality and development impact forms a key part of the annual Integrated Report.</p>	<p>1</p>

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes, Swedfund’s owner instructions §3a regulate that Swedfund shall invest in operations and in countries which, according to the OECD Development Assistance Committee (DAC) definition, qualify for development financing. It is also stated that investments in low-income countries and post-conflict countries should be given priority and that investments in upper-middle-income countries according to the OECD/DAC definition may be made under certain circumstances. Based on our mission, Swedfund give priority to investments in DAC 1-3. Exceptions are made mainly for investments in renewable energy in large CO2 emitting countries which are classified as DAC 4. At least 30 % of Swedfund’s investments are made in DAC 1 and fragile countries.</p> <p>Swedfund has more than 60 % of the portfolio in sub-Saharan Africa. Swedfund is present with regional offices in Nairobi (covering East Africa) and Abidjan (covering West Africa), which further ensures understanding and alignment with national priorities and strategies. The ESG and Impact expertise is included in the local teams. Swedfund’s regional directors and investment teams have frequent contact with local authorities, regulators and CSOs, which regularly are consulted to represent and share their views on needs of the country and community.</p> <p>Swedfund has formulated Theories of Change (ToC) for its overall institutional mission as well as for its focus sectors and themes. The ToCs frame the impact rationale for all investments in association with Swedfund’s mission, strategy, and targets. Swedfund has a specific ToC for DAC1 and fragile countries, taking into account the specific challenges and needs in the countries. The content and relevance of the ToCs are regularly revised based on evidence gathered through impact studies and dialogues with internal and external stakeholders, including local stakeholders.</p> <p>For each individual investment Swedfund will assess the developmental objective of the investment and how it is additional. The assessment of market needs and gaps is an essential part of the impact analysis throughout the investment/ project lifecycle: pre-investment decision, during active ownership, and at exit. At the investment/project level, our Impact Rating Tool assesses and scores specific development gaps defined by investment sector and sub-sector per country. We complement and deepen the findings from this assessment by conducting due diligence with a focus on the institutional, community, and end-beneficiary levels of the geographies and markets of relevance to the investment/project.</p>	<p>1</p>

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes, the developmental impact of individual investments is evaluated as part of the investment process and is part of the investment rationale. To be able to follow up on requirements, Swedfund includes them in the legal contracts with portfolio companies, which allows Swedfund to follow up, report on progress and extend support through technical assistance if required. The ESG Action Plan (ESGAP) sets out the applicable requirements and forms part of the investment agreement. It describes the changes that the company needs to make in order to meet Swedfund's requirements. During the period when Swedfund acts as a lender or the co-owner, an ongoing dialogue and close contact are maintained with the portfolio companies to monitor risks and performance, goal attainment and contractual conditions, both through visits, active board work and dialogue. Both internal audits and third-party audits are conducted.</p> <p>Within three years from the date of disbursement, companies must achieve progress in line with what is described above. The progress of each investment is monitored annually. Each investee submits a development effects and sustainability report with information about progress on the main development objective, as well as other relevant effects. It also covers the indicators of Swedfund's mission goal, i.e. gender equality, tax generated, CO2 emissions. In addition, portfolio companies report on Swedfund's sustainable development goals which are decent jobs according to ILOs core conventions, establishment of an anti-corruption system, and an environmental and social governance system three years after the investment has been agreed.</p> <p>TA is used to strengthen Swedfund's investments relating to all three pillars in Swedfund's strategy – impact on society, sustainability, and financial viability – with regard to development effects, gender equality, and sustainability, including the environment and climate, decent working conditions, business ethics, and anti-corruption. TA funds may be used in any country in which Swedfund operates, in accordance with the annual letter of allocation. Swedfund has an opportunity to engage partners in the implementation of TA projects, an example being the collaboration with Kvinna till Kvinna concerning gender-based violence in the workplace. Examples of TA projects include quality-enhancing initiatives aimed at systematizing and improving the portfolio companies' environmental work and social responsibility through management system implementation, Gender Action Plans, the development of climate strategies and calculation models, and training initiatives relating to human rights and gender equality are examples of the above.</p>	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
<p>Swedfund's development impact framework consists of three levels: 1) Swedfund's strategy, 2) Operating principles for impact management (OPIM), and 3) Impact management in the investment process. Different levels of the impact framework are reviewed and developed in the following way:</p> <ol style="list-style-type: none"> 1. Swedfund's current strategy covers the time period 2024-2030 and sets a long-term 2030 ambition with high-level plans which are operationalized in 3 phases of 2 years each. After each phase actions and results are evaluated as input for the next phase. Progress on strategy implementation is reviewed annually. 2. As a signatory to OPIM, Swedfund publicly discloses, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arranges for independent verification of this alignment. The findings of the verification process is incorporated into impact framework updates and developments, specifically the Impact management in the investment process. 3. The content and relevance of Swedfund's Impact management framework in the investment process and its specific sub-elements, tools and procedures, are regularly revised based on identified needs, learnings from investments, and evidence gathered through impact studies and stakeholder dialogue, among other. <p>Moreover, Swedfund strives to maintain an active dialogue with stakeholders such as owners, business partners, civil society organizations, trade unions, and media representatives. Swedfund engages in regular dialogues with civil society organizations to inform our work on policy issues, such as human rights, gender equality, climate, development effects, anti-corruption and transparency, and tax issues. The latest civil society roundtable was held in 2023 to gather insights from partners to inform the work on Swedfund's new strategy for 2024-2030.</p>	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
<p>Yes, development impact assessment is an integrated part of every investment process that leads up to any decision to invest. In addition to the sector specific ToCs that describe how and why the development impact is expected to happen, individual investments will have a quantified baseline and target for development objectives. The investment team evaluates, implements, manages, develops, and terminates investments. This requires expertise in finance, law, sustainability, investment, development effects, and specific sectors and markets. The team consists of an Investment Manager and an Investment Analysis (experts in financial and market analysis), an ESG/Impact Manager (expert on the evaluation and monitoring of environmental and social issues and anti-corruption issues), and a Senior Legal Counsel (expert on business law in our markets). The investment team is also supported by an Impact Manager regarding issues relating to the development effects that the investment generates. After the investment decision, progress can then be tracked against these development objectives, based on the annual development effects reporting from all investees, the baseline and the development objectives set for that particular investment.</p>	1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Swedfund's investments shall be restricted to companies or funds with activities in ODA-approved countries. In the case of fund investments or other intermediaries, they might be domiciled in a non-ODA country, however their investments activity will take place in a ODA country.

Fund investments tend to use a domicile outside the country in which the fund then invests. In many cases, this is a prerequisite for the fund to be able to raise capital from private investors or to operate in several countries and gather ownership in one place. Reasons for choosing another domicile may also be that the tax legislation and regulations in the countries in which Swedfund invests are often not sufficiently predictable or developed for issues such as how to resolve a dispute, etc. However, it is central for Swedfund that the Fund's portfolio company pays tax in the country in which it operates. Swedfund do not participate in investments via so-called intermediary jurisdictions that have been tested within the framework of the OECD's Global Forum Peer Review Process and that have not been approved in phase 1 or that have been assessed as Partially Compliant or Non-Compliant in phase 2. The OECD's Global Forum Peer Review Process aims to ensure and grade its member countries' level of transparency and exchange of information for tax purposes. Furthermore, Swedfund may only invest in sound and clear corporate structures that do not contribute to, among other things, tax evasion.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

Swedfund will only invest through a third country where necessary to adhere to the fund's development priorities by investing in high-risk markets and to protect the fund's capital. The use of intermediate jurisdictions may be necessary to provide a stable financial, legal and regulatory environment for investment, furthering developmental effects (for instance, by increasing its capacity to mobilise other investors and generate investments to support business development, increase local tax revenues and growth). The rationale can for instance be that the investment countries have a too weak and unpredictable legal and administrative regime to make investments, or the investment is in a fund or company with a regional mandate where the third country has a stronger regulation for regional operations.

The funds in which Swedfund invests are long term and the managers have a high level of expertise in the countries and sectors Swedfund focuses on. Swedfund often invest in funds together with other development finance institutions. The fund instrument enables Swedfund to share risk and contributes to a better spread of risk in the portfolio. The fund instrument also facilitates the mobilisation of private capital and ensures that Swedfund acts catalytically. Swedfund requires fund managers to impose similar requirements to those imposed on the direct investments. By setting out the requirements that the fund must meet and supporting the sustainability work and development objective in particular, Swedfund assists the fund's portfolio companies to strengthen their work relating to sustainability and development objective. For Swedfund to invest in a fund, it is also a condition that the structure of the fund is transparent and that the fund investment is a good fit with Swedfund's direct investments.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

Swedfund's Owner Instructions §1a requires the company to operate according to the principle of Swedish Aid Policy, which is untied. Swedfund's Owner Instructions §3 a,b set out that Swedfund exclusively can invest in operations and in countries which, according to the OECD Development Assistance Committee (DAC) definition, qualify for development financing. Investments in low-income countries and post-conflict countries should be given priority. Investments in upper-middle-income countries according to the OECD/DAC definition may be made under certain circumstances and Swedfund shall ensure that the investments are guided by the principle of untied aid.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

Yes, Swedfunds shall be additional according to its Owner Instructions §1b stipulating that competition with commercial financial players shall be avoided. Prior to adopting decisions regarding investments, Swedfund's additional role shall be assessed in accordance with OECD/DAC criteria for additionality. Securing both financial and value additionality is as a consequence a major topic in Swedfund's investment strategy and process.

Swedfund's approach to additionality was refined in 2018 and is revised on a regular basis to ensure alignment with the OECD definition of additionality. The refined framework consists of ten additionality ambitions, reflecting both the financial and value additionality of investments. The additionality framework is a key element of the investment process as well as the basis for external reporting on additionality.

The framework is built on data and evidence from external as well as internal sources. External sources include the OECD/DAC -list, the World Bank's Enterprise Survey, the World Bank's Development Indicators, and Standard and Poor's Credit Ratings. To ensure transparency, Swedfund publishes an overview of the additionality of its investment portfolio in its Integrated Annual Report. The main development objective of each new investment project is also included, and expectations quantified. The framework informs new investment decisions and reporting on additionality. Evaluation of commercial sustainability of the investments is also a central

Score

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topic in the project assessment and is thoroughly documented in the documentation presented to Swedfund's deciding bodies. The decision documents include both financial and value additionality including aspects such as commercial, ESG, impact on society, income group, groups served by investments etc.. Additionality is regulated by Swedfund's owner directive and reported back to the Foreign Ministry and the Ministry of Finance on an annual basis.

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

Swedfunds shall be additional according to its Owner Instructions §1b, where it is also specified that competition with commercial financial players shall be avoided. Prior to adopting decisions regarding investments, Swedfund's additional role shall be assessed in accordance with OECD/DAC criteria for additionality.

Score

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All investment proposals to be presented to the Investment Committee are required to first go through an additionality assessment and impact potential assessment. This step ensures that we only invest where there is an explicit need for our funds while also identifying key impact areas and risks to be further assessed during a potential due diligence. The assessment is conducted by dedicated impact experts. Swedfund uses an additionality matrix to assess the additionality of investments. Each investment case is assessed based on the following ambitions with connected criteria; Investing in the poorest countries; Investing in capital-constrained markets; Investing in risky markets; Investing in difficult business environments; Providing scarce capital; Contributing to starting new business activity; Mobilising private investors; Taking an active role in investments; Participating in governance structures; Promoting social and environmental standards and Supporting enterprise improvements. The investments are also assessed based on whether they are aligned with Swedfund's Theory of Change (ToC) for each sector (Energy & Climate, Financial Inclusion, Sustainable Enterprises and Food Systems, as well as theme (Climate, Gender, Digitalization, Healthcare).

Swedfund's strategy includes a specific target of investing in DAC1 countries and fragile countries and Swedfund is a member of the Africa Resilience Accelerator (ARIA) that brings together development finance institutions to unlock investment opportunities in the most vulnerable and fragile states in Africa. Swedfund's strategy is built on five core SDGs and we have a specific target of investing 30% of our portfolio in investments contributing to SDG 10 of reduced inequalities targeting underserved segments of the population. In addition, Swedfund provides Technical Assistance (TA) for quality-enhancing initiatives amongst portfolio companies and to increase the overall development effects that they generate. In the TA-budget, considerations have been made relating to the target of investing in reduced inequalities and the increased focus on high-risk contexts. Swedfund is regularly monitoring and reporting to the Board how we are performing towards related targets.

Swedfund uses its Impact Rating Tool to enable the systematic assessment of expected and actual impact contribution of individual investments, in alignment with Swedfund's ToC and mission/strategic objectives. Regular reviews of the actual impact of individual projects are conducted based on data and Impact Rating Tool, but also in direct dialogue with the investees, which further supports the identification of potential gaps and needs in order to deliver on targets. In doing so Swedfund can proactively improve the portfolio's impact performance while also learning from portfolio companies and continuously enhancing our support in future projects. Swedfund also conducts demand-driven impact studies to better understand the development effects of different investment types and to identify assumptions and conditions that can enhance desired impact. These studies are generally delivered by a third party.

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

Yes. According to Swedfund's Owner Instructions §1 c, Swedfund shall ensure that the investments are financially, environmentally, climatically, and socially sustainable. Swedfund's business model is centered on generating results within three pillars: impact on society, sustainability, and financial viability. These pillars permeate every stage of the investment process – right from the initial assessment during the investment phase, through the active ownership phase and all monitoring of performance, and finally exit from the investment. A business that is commercially sustainable has the right prerequisites to grow, contribute to the creation of more jobs with decent working conditions, increase the tax base of the countries in which it is based, strengthen women's economic empowerment, and have a positive impact in other areas. The financial viability pillar includes indicators regarding turnover, profitability, and the mobilisation of private capital. In line with the mission objectives in §2 a and d, turnover and profitability shall increase in not less than 60% of the investments during the holding period with a base year corresponding to the investment year. Swedfund's investment portfolio shall mobilise not less than 30% of commercial capital.

Score

1

The financial viability of each company is evaluated in the investment process. The initial assessment examines whether the proposal is consistent with the investment strategy and development objective, and how the investment can contribute to attainment of Swedfund's goals as owner and the global goals. We carry out an overall evaluation of the country, macroeconomic and political risks, the company and its business plan and strategic partners, and our potential role. If the committee decides to proceed, the investment proposal will continue on to the due diligence phase. A thorough analysis of the company is then initiated. Examples of factors that are analysed include the business concept, business model, market, financial history and forecast, investment calculation, partners, legal aspects, expected impact results, as well as sustainability risks and impacts, including the environment, working conditions, human rights, tax, risk of corruption, gender equality, and climate issues. The due diligence process forms the basis for the information that is used in the decision-making process.

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Yes, the additionality framework is reviewed on an annual basis and based on OECD/DAC policy development to ensure alignment with Swedfund's Owner Instructions §1b.	Score 1
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Yes, as described above, the additionality of individual investments is assessed ex-ante as an integrated part of the investment process. In every investment that is made, Swedfund's role must be additional, which means that we provide resources that are crucial to the development of the investment that would otherwise not have been available. This assessment is conducted already in the initial assessment stage. Swedfund examines whether the proposal is consistent with our investment strategy and criteria, and how the investment can contribute to the attainment of Swedfund's goals as owner and the Sustainable Development Goals (SDGs). The additionality of new investments is discussed in the Investment Committee as part of the Concept Clearance decision. Each investment paper includes a narrative section on additionality and an overview of how the project scores on each of Swedfund's additionality ambitions. Three types of additionality are discussed, corresponding to the OECD definition of additionality. The additionality ambitions are set in Swedfund's strategy, business model, and KPIs.	Score 1
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

Non-applicable.

Switzerland: SECO Start-up Fund (submitted in 2025)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

SECO Start-up Fund (SSF); 1998.

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

Not applicable

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years¹⁶ which have been a) allocated to countries and territories on the DAC List of ODA Recipients¹⁷ and b) administered with the promotion of economic development and welfare of developing countries as their main objective¹⁸ and c) additional financially and/or in value, together with their development additionality.

2022-2024	Administered with the promotion of economic development and welfare of developing	Other
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¹⁶ For newly established or restructured PSI vehicles, please provide ex-ante estimation of these disbursement totals based on relevant documents outlining the vehicle strategy, mandate and objectives.

¹⁷ In specific cases, this may also include activities extended through intermediaries in donor or third countries, provided the main objective of the financing is the promotion of economic development and welfare of ODA Recipients, and relevant due diligence has been carried out by the PSI vehicle.

¹⁸ See also specific rules on the ODA-eligibility of certain items in DCD/DAC/STAT(2020)44, paragraphs 76-135.

	countries as their main objective, and additional financially and/or in value, together with their development additionality	
Allocated to countries and territories on the DAC List of ODA Recipients	CHF 4'274'066	-
Other	-	-

Note: See [here](#) the DAC List of ODA Recipients for 2024-25.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

Based on the Swiss federal law on international development cooperation, the fund's resources can only be deployed in ODA recipient countries.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Not applicable

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Fund targets only private sector entities.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not applicable

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

As outlined in the investment criteria (www.secostartupfund.ch) the SSF is a longstanding instrument of the State Secretariat for Economic Affairs (SECO)'s development cooperation and aims to contribute to SECO's strategic impact goals, including to drive inclusive and climate-smart economic growth, innovation, and strengthen sustainable development in local communities by offering loans to support the growth of entrepreneur-led businesses.

Score

1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

SECO plays a key role as it is the sole owner of the fund and is therefore responsible for defining its development purpose and objectives. More concretely, SECO (i) approves the SSF operations manual (which includes the investment policy, eligibility criteria, etc.), and (ii) is the only veto-member in the investment committee. In addition, the theory of change and results framework have been developed jointly by SECO and the fund manager to ensure alignment

Score

1

with SECO's standard indicators.

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

The eligibility criteria require proof of financial additionality. The investment policy specifies that the fund aims for capital preservation.

Score

1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

Borrowers regularly (at least semi-annual) must report on their progress regarding development impact. These reporting requirements are included in the loan agreement. The fund managers visit the borrower at least every 2 years to verify development impact.

Score

1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

The fund manager is accountable to SECO. It must provide quarterly financial and operational updates and a comprehensive annual report as well as audited financial statements to SECO. There is a regular exchange between SECO and the fund manager on implementation progress.

Score

1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

The SECO Start-up fund is not legally set-up as a fund; the financial funds remain with SECO. SECO is the sole contributor to the fund. There is no separate legal basis for the fund (like for instance for SIFEM, the Swiss DFI). The fund is based on the Federal Act on International Development Cooperation and Humanitarian Aid, dated 19-Mar-1976 (RS 974.0) and the Ordinance on International Development Cooperation and Humanitarian Aid, dated 12-Dec-1977 (RS 974.01).

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

Given the size of the fund, the direct focus is on promoting entrepreneurs in developing countries to contribute to local economic development (e.g. via job creation).

Score

1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

Score

The focus of the fund is at the individual company level. As part of the investment decision, the investment committee considers the relevance of the investment, including impact at local/ sectoral level.

1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

Score

Each investment (i.e. loan to a company) has to contribute to development impact. The expected impact is considered by the investment committee as part of the investment decision.

1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

Score

The development impact frameworks are reviewed every four to five years, when the mandate of the fund manager is renewed.

1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

Score

Expected development impact is assessed as part of the due diligence process, based on the theory of change/ impact measurement framework of the fund.

1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

The fund is targeted at companies in ODA countries, as it is a development instrument. Swiss companies can apply for a loan as long as the funds are used in an ODA country, e.g. via a subsidiary of the Swiss company in the ODA country.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

There is no channeling through intermediaries.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

Investment policy provides flexibility in terms of having a Swiss shareholder or investor.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

Score

Financial additionality must be explained in the investment memorandum and is considered by the investment committee as part of the investment decision.

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

Funding is provided to companies (start-ups) that cannot yet qualify for a bank loan. As part of the due diligence process, the fund manager carefully assesses the reasons why a bank loan cannot be obtained, such as insufficient collateral, and evaluates the prevailing local financing conditions, including interest rates. In addition the fund manager also reviews the local financing environment and verifies the companies' assessment to ensure that the financing is truly additional.

Score

1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

The assessment of the commercial sustainability of SSF activities and the viability of start-ups is part of the financial analysis and due diligence prior to the investment decision.

Score

1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Additionality is regularly discussed in the investment committee. The following aspects are addressed in the investment memorandum: (i) barriers to traditional finance (assessment as to why the start-up cannot obtain financing from commercial banks, private equity, or other institutional investors), (ii) assessment of local financing terms and conditions and comparison with the fund's offer, (iii) catalytic effect: assessment whether fund financing could attract additional third-party capital, either now or in subsequent financing rounds.

Score

1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

The additionality of each investment is assessed ex-ante as part of the due diligence process before financing is approved. The assessment includes: (i) financial additionality: the fund manager evaluates whether the target company would have been able to access alternative financing from local banks, private equity, or institutional investors. This includes reviewing local financing conditions (e.g., interest rates, collateral requirements) and comparing them with the fund's offer. The fund manager also considers whether the fund's investment could catalyse additional third-party capital in the current or subsequent financing rounds. (ii) development additionality: the fund manager considers the potential development impact of the investment, such as supporting innovation, creating jobs, or fostering sustainable business practices in line with ODA objectives, based on the fund's theory of change. (iii) combined assessment: financial and development additionality are considered jointly to understand the overall contribution of the investment relative to what would happen in the absence of the fund. All three elements are presented in the investment memorandum. During the investment lifetime, the fund manager tracks the portfolio to ensure that additionality objectives continue to be met. This includes monitoring whether the financed companies face obstacles in accessing alternative financing and whether the projected development outcomes are being realised. Investee companies are obligated under the loan agreement to provide this reporting.

Score

1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

There is no cooperation with national or other export credit agencies as the fund is targeted at start-ups.

Switzerland: Swiss Agency for Development and Co-operation – PSI programmes (submitted in 2025)

Basic identification details

- For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Swiss Agency for Development and Co-operation (SDC), established in 1961.

A. Disbursement breakdown

- For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

Not applicable. SDC is a bilateral co-operation agency but has since 2022 a budget line specifically dedicated to the implementation of PSI. All its PSI target developing countries only and are additional.

- For assessment, using the table below, please indicate the sum of annual disbursements for the last three years¹⁹ which have been a) allocated to countries and territories on the DAC List of ODA Recipients²⁰ and b) administered with the promotion of economic development and welfare of developing countries as their main objective²¹ and c) additional financially and/or in value, together with their development additionality.

2022-2024	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	14'049'501 CHF	0 CHF
Other	0 CHF	0 CHF

Note: See [here](#) the DAC List of ODA Recipients for 2024-25.

- For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

The budget line in question can only be used in the context of first-loss investments in structured funds active in lower and middle-income countries as per the DAC list of ODA recipients.

¹⁹ For newly established or restructured PSI vehicles, please provide ex-ante estimation of these disbursement totals based on relevant documents outlining the vehicle strategy, mandate and objectives.

²⁰ In specific cases, this may also include activities extended through intermediaries in donor or third countries, provided the main objective of the financing is the promotion of economic development and welfare of ODA Recipients, and relevant due diligence has been carried out by the PSI vehicle.

²¹ See also specific rules on the ODA-eligibility of certain items in DCD/DAC/STAT(2020)44, paragraphs 76-135.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Not applicable

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Not applicable

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

Not applicable

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>The Swiss Agency for Development and Co-operation (SDC) is the agency for international co-operation of the Federal Department of Foreign Affairs (FDFA). The SDC is responsible for the overall coordination with other federal authorities of development co-operation and co-operation with Eastern Europe as well as for humanitarian aid delivered by the Swiss Confederation.</p> <p>Swiss international co-operation, which is an integral part of the Federal Council's foreign policy, aims to alleviate need and poverty around the world, to foster respect for human rights, to promote democracy and to conserve the environment. It fosters economic self-reliance and state autonomy, contributes to the improvement of production conditions, helps address environmental problems, and ensures better access to education and basic healthcare services.</p> <p>In the context of its private sector engagement activities, SDC uses catalytic financing to de-risk impact investment funds operating in geographies and sectors aligned with SDC's mandate. This catalytic financing takes the form of first-loss investments in structured impact funds, with the aim of mobilising additional finance including from private investors and contribute to the SDGs.</p>	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
<p>Yes, cf. answer to question above and the General Guidance on the Private Sector in the context of the International Cooperation Strategy 2021–24</p>	1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Yes. According to SDC Handbook on Private Sector Engagement, additionality is one of the seven basic principles of engagement in a collaboration with the private sector, which must be observed for each specific private sector engagement (PSE) collaboration:</p> <ul style="list-style-type: none"> • Compatibility with the SDC's objectives: the collaboration must contribute to the strategic objectives set out in the SDC's International Cooperation Strategy and in its geographic and thematic programmes. • Measurable development outcomes: the collaboration must define clear and measurable development outcomes to be achieved. • Additionality: importantly, the SDC wants to trigger engagements or investments that the private sector would not otherwise make, or make them happen more quickly, on a bigger scale, or more successfully in terms of development outcomes. In short: it has to be clarified why the SDC's contribution is needed (see Annex VII on how to assess additionality). • Complementarity: the SDC and the private sector partner must reach a shared understanding of the assets and strengths of each partner (financial resources, expertise and skills, networks and platforms, products and technologies) and how to mobilise them in a way to create effective synergies. 	1

- Subsidiarity: the SDC will not substitute for the funding or responsibilities of other parties. In the context of PSE, this refers to the SDC not taking over roles and responsibilities of the private sector.
- Avoiding the distortion of functioning markets and crowding-out effects: while in the early phase of an intervention it may be justified to limit the partnership to just one or a small number of private sector actors willing to incur specific risks or engage in a development-relevant innovation, PSE is also aimed at scaling up successful practices across companies within an industry. In this sense, the principle of avoiding market distortion and crowding-out effects should guide the long-term orientation of each engagement with the private sector.
- Transparency: both private and public actors involved commit to agree on standard disclosure provisions with regard to collaboration-relevant information, in line with the methodology of the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD DAC) for measuring the amounts mobilised from the private sector.

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

Yes. Whenever SDC invests in the first-loss tranche of structured impact funds, the expected development impact thesis of the fund and the different development metrics are carefully assessed. A specific development reporting is contractually agreed upon, and any deviation from the original development objectives of the fund is forbidden (and reflected in contractual agreements). Any deviation from the original development objective would be treated as a contractual breach leading to capital reimbursement. The monitoring of development effects is done annually, based on reports and assessments made by the Fund manager, and in some cases by external parties which are contracted by the Fund or by investors.

Score

1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

The results of the implementation of Switzerland's international co-operation strategy are reported at least every four years in a report to the Federal Council and Parliament, publicly available <https://www.eda.admin.ch/eda/en/dfa/fdfa/publikationen.html/content/publikationen/en/deza/rechenschaftsberichte/rechenschaftsbericht-strategie-2021-24>. The development metrics reported to SDC for its PSE activities are integrated into the institutional reporting of SDC.

Score

1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

SDC is a Directorate of the Federal Department of Foreign Affairs (FDFA) of the Swiss government.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

Yes. The investment activities of SDC are part of SDC's approach towards private sector engagement (PSE), which clearly states that PSE is a modality subordinated to the achievement of development objectives, chiefly economic development and welfare in the recipient countries (with a focus on the most vulnerable population segments). In other words, the investment activities of SDC are a mean to achieve development impact. Therefore, the credibility of the development impact thesis of a potential investment is the main rationale behind SDC's involvement.

Score

1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
Yes. The investment funds to which SDC contributes by way of first-loss are "impact first funds" with a clear theory of change linked to the achievements of specific SDGs. This theory of change is fund-specific and linked to an analysis of the recipient countries' context. This theory of change identifies market gaps and market needs, and positions the contribution of the investments vis-à-vis such gaps of needs.	1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
Yes. Each investment activity must contribute to the strategic objectives set out in the SDC's International Cooperation Strategy and in its geographic and thematic programmes and must define clear and measurable development outcomes to be achieved.	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
Yes. A specific development impact framework is applied for each and every investment activity, with specific metrics and targets to be achieved. These metrics are integrated into the annual reporting of such investments, with annual impact report which tracks the progress made. These reports are reviewed and discussed in the Advisory Committees of the investment funds to which SDC provides first-loss capital, SDC being a full-fledged member of such committees. The achievement of specific development targets is also part of the remuneration structure of the investment funds, which also involves some external verifications of the impact targets. All this means that the development impact framework of fund investments is scrutinized along the entire lifetime of the investment.	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
Yes. Individual investments are carefully assessed ex-ante against different development metrics whenever SDC invests in the first-loss tranche of structured impact funds. The assessment is based on the analysis of the Theory of Change of each investment funds, so as to assess the credibility of the contribution of individual investments to specific development objectives. SDC carries out this assessment on the basis of its thematic and development expertise and this is part and parcel of the internal investment decision process. More specifically, the ex-ante analysis of the development impact of investments needs to be presented the internal approval committee which authorizes SDC's investments.	1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Not relevant. Whenever SDC invests in the first-loss tranche of structured impact funds, there is no a priori collaboration with companies residing in donor or third countries. Such structured impact funds provide financing to local SMEs residing in recipient countries, not in donor or third countries.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

SDC provides first-loss capital to intermediary structures, i.e. impact structured funds, which are managed by experienced Fund Managers. The rationale for using intermediary structures is twofold: first, intermediary structures can target a broader range of companies and geographies than direct investments, and therefore achieve broad-based impact; second, SDC's first-loss capital is suited for blended finance vehicles such as investment funds, where SDC can effectively de-risk the fund structure and mobilises additional investors.
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19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

SDC's first-loss capital is not linked in any manner to specific categories of companies or service providers. In two recent examples (N3F and W2AF), the Fund Manager was selected following a competitive call for proposals. As mentioned earlier, the structured impact funds provide to which SDC provide first-loss capital provide financing to SMEs residing in recipient countries only.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

Assessing SDC's additionality is essential in all PSE collaborations to **ensure that public resources are used effectively and generate impact outcomes that would not be achieved with public or private sector involvement alone**. Without additionality, a PSE cannot be justified.

SDC adheres to the OECD DAC definition of additionality, which encompasses three dimensions: financial additionality (mobilising private resources or investment that would not have been committed otherwise), value additionality (leveraging the SDC's policy influence, convening power, or thematic expertise), and development additionality (generating better, deeper, or more inclusive development outcomes). Building on this definition, the SDC needs to assess whether **its intervention enables, scales, deepens, or accelerates a given development outcome**.

SDC ensures that its contributions to a PSE complement – rather than replace – private sector efforts and are grounded in a clear impact rationale. Without additionality, a PSE risks misallocating limited public funds, replicating market-based solutions, causing market distortions and falling short in delivering meaningful benefits to target communities. Assessing additionality safeguards against these risks by confirming that public support makes a tangible difference by enabling, scaling, improving, or accelerating impact in ways that the private sector alone would not achieve.

The additionality of a PSE can be assessed through a **structured two-step process** that helps determine whether and how the SDC's involvement creates value that would not otherwise occur.

- **Step 1: Identify the type(s) of development additionality enabled by SDC's involvement.** The aim is to assess what kind of difference SDC's engagement makes – what changes occur because of SDC's involvement that would not have otherwise taken place. This establishes the counterfactual scenario (i.e. what would happen without SDC). The different types of change include: 1) Enable: makes a project or investment possible when it otherwise would not occur. 2) Scale: helps an existing solution grow to reach more SDC target groups, geographies, or markets. 3) Deepen: improves the quality, inclusiveness, or sustainability of the intervention or its results. 4) Accelerate: speeds up the process or timing of a change or investment.
- **Step 2: Determine the lever through which the additional development impact occurs, by linking it back to the role of SDC in the PSE.** This includes determining whether the role of SDC is financial, non-financial (value-based), or both. **Financial additionality** means that the funding provided by SDC enables projects to be realized that would not be possible with existing financial resources alone (commercial and philanthropic). While **value additionality** means that the SDC provides the credibility, influence, technical capacity and convening power necessary to achieve better, more inclusive and sustainable outcomes.

Additionality assessment is only one part of the broader assessment process used when evaluating a potential PSE collaboration. Even if a PSE demonstrates a strong additionality, it is important to ask if the scale and type of the support of SDC is proportionate to the value it delivers. In practice, this requires a cost-benefit analysis.

Score

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

Yes. SDC follows the OECD DAC Blended Finance principles, recognizing the need to assess the appropriate level of subsidies needed to achieve private investor mobilisation while avoiding creating market distortions. In practice, this is achieved through a two-step approach:

- 1) **Assessment of the market failure linked to under-investments in SDC's targeted geographies.** SDC typically focuses on low-income countries, which traditionally attract very limited private investments owing to the presence of multiple risks which cannot be easily hedged. One of these risks is the local currency risk, which often cannot be efficiently hedged through market solutions. Using SDC's first-loss to partially absorb local currency risks directly addresses the market failure but does not create a market distortion since there is no foreign exchange hedging mechanism available in such markets.

Score

1

- 2) **Assessment of the effect of SDC's subsidy on the profits of private sector companies.** SDC must carry out an analysis of the risk of generating excessive or unexpected profits at the level of the private sector investors which SDC help mobilise through first-loss capital. In practice, this involves carrying out a comparative analysis to assess how SDC's subsidy affects the net returns of private investors mobilised in the structured fund, to assess whether such returns are below or at market returns for corresponding asset classes, and to assess whether such returns are justified in the light of the development impact generated by the investments.

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

SDC conducts a detailed assessment of the commercial sustainability of the impact structured funds to which it provides first-loss capital in the context of external commercial due diligence. SDC can only invest in impact fund structures which have a reasonable chance to succeed commercially speaking. This not only implies that the investment thesis of the funds must be credible and appropriate, but also means that the fund's cost structure must be efficient and appropriate.

This analysis is meant to ensure that the first-loss capital provided by SDC does not absorb the losses of an inefficient investment structure which cannot be sustainable over time, and to make sure that the first-loss can effectively absorb some of the portfolio risks (including local currency risks) which are linked to the market failures identified.

SDC's investments are only made in first-loss tranches of structured funds and come with a high-risk tolerance and low or no return expectation. There are therefore booked at zero value in the internal accounts of SDC, given their concessional characteristics.

Score

1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Yes. SDC's first additionality framework in the context of PSE activities was elaborated in 2020 and embedded in the "PSE Handbook" published in 2021. Following an internal review process, the additionality framework was updated in 2025, so as to provide for a more operational implementation, and will be featured in the revised PSE Handbook, to be published in December 2025.

Score

1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

See answer to question 20 and question 22, which apply to all SDC investments into intermediaries.

Score

1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

Not relevant. There is no existing or planned collaboration with national and other export credit agencies.

Switzerland: Swiss Investment Fund for Emerging Markets (SIFEM)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

SIFEM Ltd. (Swiss Investment Fund for Emerging Markets), established 2005-06-15

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	USD 238.8 million	0
Other	0	0

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

The geographies to be targeted by SIFEM are clearly defined in the 4-year Strategic Objectives set by the government and states for the 2021-24 period:

“SIFEM focuses its activities on the priority countries and regions of Swiss development cooperation. At least 60% of the annual investment volume should flow into these priority countries. A maximum of 40% of the annual investment volume may be allocated to other developing and emerging countries according to the current list of the OECD Development Assistance Committee (DAC) for investments, if these countries have a gross national income per capita that is below the threshold value for IBRD classification set annually by the World Bank. On a case-by-case basis, the Board of Directors may decide on investments in countries that are above this limit but meet the criteria for official development assistance, if this is necessary to achieve key impact targets [such as climate change mitigation and adaptation, access to essential goods, gender equality and creation of decent jobs]”.

In addition, the Strategic Objectives state: “SIFEM is increasing its investments in the least advanced countries (LDCs) and in particularly difficult contexts. Such investments should represent at least 12% of active commitments.”

The Investment Guidelines of SIFEM reflect these objectives.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles’ statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

<p>Yes, Article 2 of SIFEM's Articles of Association states:</p> <ol style="list-style-type: none"> 1. "The Company shall, in fulfilment of a government mandate, hold, manage and further develop the investment portfolio transferred to it by the Swiss Confederation in the area of Swiss economic development cooperation in developing countries and transition economies. In the context of the Strategic Objectives set by the Swiss Confederation, the Company may be active in all forms of shareholdings and loans, including guaranties, and can also reinvest whatever funds flow back to it. It can support the Swiss Confederation in all tasks of development cooperation, especially in promoting private investment in developing countries and transition economies. The Company can call upon third parties in order to carry out its tasks." 2. "The Company can engage in all transactions which are intended and suitable to support the development of the undertaking and the attainment of its public corporate purpose, namely taking shareholdings in other undertakings in Switzerland and abroad, engaging, on its own account, in financial transactions of all kinds, as well as acquiring, holding and selling intellectual property rights." <p>In addition, a draft bill ("SIFEM law") is currently under review by the Swiss legislator (https://www.fedlex.admin.ch/eli/fga/2023/56/de). Its article 3 states:</p> <ol style="list-style-type: none"> 1. "SIFEM supports private organizations in developing and emerging countries that comply with the principles of the Federal Act of 19 March 19763 on International Development Cooperation and Humanitarian Aid. 2. It finances and advises private organizations and promotes the use of additional private sector resources. 3. In these countries, it contributes to sustainable and inclusive economic growth, the creation and safeguarding of decent jobs, poverty reduction and the protection and sustainable use of natural resources. In particular, it addresses the causes of climate change and adaptation to its consequences." 	<p>Score</p> <p>1</p>
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a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

<p>Yes. The national government defines 4-year Strategic Objectives for SIFEM that are aligned with those of Switzerland's International Cooperation Strategy (also valid for 4 years). SIFEM reports annually to the government on the progress made to reach them.</p>	<p>Score</p> <p>1</p>
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b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

<p>Yes, the Strategic Objectives defines the following programmatic priorities:</p> <ul style="list-style-type: none"> • "Sustainability: In its investment activities, it observes the principles of financial, economic, social and ecological sustainability and responsible corporate governance. • Financial Additionality: SIFEM provides financing which, without public support, would not be available from private financial markets (local or international) on reasonable terms or in sufficient amounts for comparable development purposes. • Complementarity [Value additionality]: In addition to investments, SIFEM provides or mobilises non-financial support to financial intermediaries and enterprises, which is intended to strengthen development effects and is provided on a subsidiary basis to the private sector, e.g. in the form of know-how transfer, the promotion of social and environmental standards, the improvement of corporate governance or professional skills. Accordingly, SIFEM acts as an active investor by taking a seat in the governance bodies of funds or financial institutions whenever possible. In this way, it should contribute its expertise and take advantage of sustainability risks and opportunities, as well as ensuring the implementation of central concerns of Swiss development cooperation. • Leverage/Mobilisation: SIFEM aims to mobilise additional funding directly from private and institutional investors who would otherwise not invest. In this way it contributes additional resources for sustainable development. These co-investment resources complement the investment capital of the Confederation." <p>The Strategic Objectives also states the following financial objective:</p> <ul style="list-style-type: none"> • "Financial result: SIFEM achieves a positive operating result (operating profit/EBIT according to IFRS) cumulated over the period 2022-2024." <p>The article 4 of the draft bill ("SIFEM law") states:</p> <p>"SIFEM conducts its activities in accordance with the principles of sustainability, additionality and recognized principles of development cooperation. It pursues a responsible investment policy, integrating best practices in this area."</p>	<p>Score</p> <p>1</p>
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8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
The Investment team must systematically assess and document contribution to development objectives/rationale in the decision note provided to the investment committee for investment decision making. The investment committee reviews, discusses and if required, challenges the decision note before the decision.	1
SIFEM reports on the implementation of the development strategic objectives in its annual business and financial report.	

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
Yes. SIFEM reports annually to the highest executive authority in the country (the Federal Council) about its progress in implementing the Strategic Objectives. SIFEM reports 3 times a year the administrative bodies in charge of its continuous monitoring (State Secretariat for Economic Affairs [SECO] and Federal Finance Administration [FFA]).	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

SIFEM is 100% owned by the Swiss Confederation.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No. The article 29 of the Articles of Association explicitly forbid the payment of dividends: "The payment of dividends and royalties as well as the payment of interest on shares is excluded."
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C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
Yes. The strategy of SIFEM targets a set of objectives at the level of individual activities that: <ol style="list-style-type: none"> 1. contributes to growth in developing countries and emerging markets by encouraging the flourishing of the local private sector, in addition to other economic development cooperation measures; 2. focuses on the preservation and creation of decent jobs, the observance of proper working conditions and the strengthening of professional competence - based on the experience that decent jobs are central to poverty reduction and social inclusion in developing and emerging countries and offer an alternative to irregular migration. In this way, SIFEM helps to combat the causes of irregular migration and contributes to the Swiss Parliament's mandate to strategically link international cooperation with the issue of migration; 3. based on internationally recognized environmental, social and governance criteria, supports the establishment of sustainable and responsible companies in developing and emerging countries; 4. Strengthens the resilience of these countries and companies with regard to global risks such as pandemics and the effects of climate change, etc.; 5. contributes to the achievement of international environmental goals and in particular to the mitigation of climate change and its associated negative consequences; 6. promotes gender equality through the economic empowerment of women 	1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
Yes. Alignment is stated in particular in SIFEM's Climate Approach: <ul style="list-style-type: none"> • SIFEM shall align all new financing with the goals of the Paris Agreement as defined by the national climate targets (Nationally Determined Contributions; NDCs) of the countries of investment. • SIFEM's investments target low- and middle-income countries and it recognizes that the development pathways and 	1

starting points for climate action vary depending on different national circumstances and capabilities. As such, SIFEM considers the local NDCs set by each country as the main reference for alignment with the Paris Agreement and ensures that its investments do not contradict the NDCs. SIFEM additionally encourages and supports investees in efforts to achieve positive climate impacts.

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes. SIFEM mandates that all the investments in its portfolio must comply with its Responsible Investment Policy. The main purpose of compliance is to reduce risks of causing harm to workers, the environment, local communities and other affected stakeholders. However, this risk-based approach is also intended to contribute to generating sustainable, positive financial, environmental and societal impacts. SIFEM actively works to achieve compliance with this policy by developing Environmental and Social Action Plans</p> <p>This is described under Article 3 of the SIFEM Approach to Responsible Investment:</p> <p>“SIFEM’s Investment Advisor works with Fund Managers and Financial Institutions to develop Environmental and Social Action Plans (ESAPs) and achieve compliance within defined time frames. SIFEM requires that Fund Managers and Financial Institutions take the same steps to ensure that their portfolio companies and clients to achieve compliance. SIFEM’s Investment Advisor actively assists SIFEM’s Fund Managers and Financial Institutions to reach compliance and/or support Fund Managers’ and Financial Institutions’ efforts to ensure that their Portfolio Companies’ and Clients’ compliance.</p> <p>SIFEM only invests in companies, and it requires that its Fund Managers and Financial Institutions only provide financing to companies and clients, which are expected to reach compliance with this Approach to Responsible Investment within defined time frames. Failure to reach compliance within established deadlines, and other material breaches in this Policy, may trigger remedial actions or divestment.”</p> <p>SIFEM also provides its investees with access to SECO’s Technical Assistance budget to strengthen their setup in particular in Climate, ESG, gender equality and best practices areas.</p>	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
<p>SIFEM’s development impact framework encompasses its Theory of Change and results measurement framework (question 16 below). The Theory of Change of SIFEM is linked to its Strategic Objectives and updated every four years. In addition, at the end of each four-year cycle, SIFEM commissions an external evaluation of the achievement of its Strategic Objectives as well as an independent verification of its alignment with the Operating Principles for Impact Management. Through these evaluations, SIFEM receives recommendations from an independent third party on areas for improvement in its impact framework.</p> <p>One of the items currently under review is the development impact rating tool used by SIFEM for each investment (see question 16). This rating tool was developed by DEG in 2002 implemented by SIFEM since its incorporation and has not been updated since then. SIFEM started in 2023 a complete review and redesign of a new impact scoring tool to accommodate a more thematically diversified portfolio and incorporate the latest developments in impact measurement. This tool is being tested in 2024 and will be effective for the next strategic period 2025-28.</p>	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
<p>The impact measurement framework used by SIFEM consists of three different levels:</p> <ul style="list-style-type: none"> - First, an internal rating tool (SIFEM GPR) originally developed by the German DFI DEG, is used systematically to appraise investments (ex-ante) and track their development performance over time (ex-post). In order to do this, a benchmark is established prior to investment to reflect the expected development effects. During the investment period, investments are appraised every two years until maturity to monitor their impact. - Second, a series of metrics are collected for each investment, at investee level (funds or financial institutions) and underlying investee level (portfolio companies) to measure development effects, which can be aggregated at the portfolio level and reported to the Swiss Parliament. These indicators are harmonized, to the extent possible, with other DFI and with the standardized metrics developed by the impact investing community. These metrics are periodically adjusted in line with the Strategic Objectives, while striving to maintain continuity over a long period of investment (10Y+). - Third, case studies are conducted on an annual basis to take a closer look at the effects and value-add of SIFEM’s investments in specific contexts. 	1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

n/a

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

SIFEM follows an indirect investment strategy: it invests in local, regional or global funds. These funds in turn select local small- and medium-sized and fast-growing companies (SMEs), and support their growth with financing and experienced advice.

SME investments via local funds with specialized management teams have proved their merit for the following reasons:

- When it comes to the identification of suitable SMEs and the support of such companies, it is critical to be able to rely on locally based fund managers who are present on-site and who are fully conversant with the business, regulatory and cultural environment. Cooperation with fund managers also contributes to a strengthening of local financial intermediation.
- Funds enable public investors like SIFEM to obtain private co-investors for developmental business financing in countries that would otherwise be generally considered too risky by private investors.
- Fund investments allow SIFEM to maintain a broad and diversified portfolio. SIFEM currently has investments in almost 600 companies in Africa, Asia, Latin America and Eastern Europe.

The investment team is headquartered in Zurich, Switzerland, with local presence on all continents. The indirect investment strategy requires a small team compared with the much larger teams required to manage direct investments, thus achieving financial efficiency.

SIFEM occasionally makes direct investments in local financial institutions, which provide financing to local SMEs.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

SIFEM is an independent company managed by its board of directors, with the support of operational partners (portfolio management and business services management).

It is driven solely by the responsibility of achieving its Strategic Objectives, independently from other state bodies, while at the same time being part of Switzerland's Strategy for International Cooperation.

SIFEM is neither mandated nor does it in practice promote or target Swiss companies/technologies. SIFEM supports the local private sector in developing countries and emerging economies either by investing in local or regional financial intermediaries that provide long term capital and know-how to local SMEs and other fast-growing companies.

SIFEM participates in the advisory committees of the funds in which it invests, but as a best practice rule does not participate in the investment committees of the funds themselves. SIFEM, therefore, does not take part in the formal decision-making process of the General Partners (fund managers), including at the investee exit stage. In addition, the standard investment agreements including side letters used by SIFEM do not include a reference to national companies or tied transactions.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

SIFEM as a DFI has the dual mandate to generate (additional) development impact as well as financial profitability. Indeed, only profitable investee companies are able to generate lasting, i.e. sustainable development effects.

Consequently, the Strategic Objectives by the Swiss government for SIFEM as well as its investment guidelines and procedures require that SIFEM make investments that not only fill a gap in financing and seek a positive return, but also have a tangible value add, particularly in the form of knowhow-transfer and technical support for financial intermediaries and companies.

Profitability, additionality, as well as other key aspects such as leverage and environmental and social sustainability, are examined during the extensive screening and pre-due diligence of possible investment operations and must be presented to the SIFEM Investment Committee. These core issues are also reviewed during a thorough in-situ due diligence process and submitted to the Investment Committee for a final decision regarding the investment.

SIFEM's investment proposals contain an analysis of financial as well as value additionality, which are rated using the following rating scale: low, medium, high. On the financial additionality side, SIFEM normally only invest in funds where a seat in the advisory board can be secured (Limited Partners Advisory Committee), which is often linked to a minimum investment size. This also means that a minimum level of financial additionality is granted. Financial additionality is enhanced in case of participation in a first closing. At least 50% of SIFEM's fund investments must be first closings as per the Strategic Objectives set by the government. During the period 201-2023 period, 65% of SIFEM's fund investments served to reach the first closing of the

Score

1

<p>respective funds.</p> <p>On the value additionality side, the specific contribution of SIFEM is assessed in terms of support in the field of ESG, and impact monitoring and measurement for instance.</p> <p>The two ratings assigned to financial and value additionality as well as the explanations required are discussed by the Investment Committee, as part of the decision-making process of each investment. These ratings are actually integrated within the GPR impact monitoring tool used by SIFEM, and are therefore subject to a review every two years for all investments. Furthermore, since additionality is reflected in some of the targets of the Strategic Objectives assigned to SIFEM by the Federal Council (e.g. proportion of first closings, direct support provided by SIFEM to financial intermediaries, use of additional technical assistance), the reporting on these targets is done annually. The annual Report on the achievement of the Strategic Objectives is examined by the Joint Commission on Finance of the Swiss Parliament.</p> <p>Lat but not least, the investment team may negotiate ESAP (Environment and Social Action Plan) with the fund manager or the Financial Institution on specific topic. In addition, SIFEM has a Technical Assistance budget that it can allow to specific investments.</p>	
<p>21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.</p>	<p>Score</p> <p>1</p>
<p>This is indirectly assessed under the assumption that if the investment has financial additionality in the sense that capital is not available locally/internationally with similar T&Cs, tenor, etc., then it does not distort private markets.</p>	
<p>22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.</p>	<p>Score</p>
<p>Commercial sustainability and profitability are examined during the extensive screening and pre-due diligence of possible investment operations and is presented to the Investment Committee. These core issues are also reviewed during a thorough in-situ due diligence process and submitted to the Investment Committee for a final decision regarding the investment.</p> <p>Commercial profitability and sustainability of SIFEM's investments are key to achieve target portfolio returns set in SIFEM's Strategic Objectives of 3% IRR and 1.15 TVPI and ultimately to achieve the positive operating result target over the 4-year strategic period. SIFEM reports annually on these three objectives.</p> <p>On an ongoing basis, SIFEM receives quarterly information from its investees. For funds, it receives investor reports from fund managers (GP), which describe the evolution of the underlying portfolio and the financial performance/valuation of the fund (NAV). In addition, SIFEM asks fund managers to report annually on the underlying investees (the companies that the funds provide capital with), including financial results.</p> <p>For Financial Institutions, SIFEM receives quarterly financial and non-financial updates.</p>	<p>1</p>
<p>23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.</p>	<p>Score</p>
<p>SIFEM currently assesses the additionality of its investments through the development impact rating tool (question 16). As mentioned above, the tool was developed by DEG and SIFEM has not updated this framework since 2002. Following the update of SIFEM's impact rating tool (ongoing), additionality will be assessed through a separate framework which is yet to be developed.</p>	<p>1</p>
<p>24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.</p>	<p>Score</p>
<p>The GPR rating includes financial additionality and value additionality, and the rating is conducted ex-ante and ex-post every two years, with a final evaluation at exit. Every ex-post assessment looks at all effects from investment up until the assessment date, and review, compare and discuss disparities with previous ex-post assessments. The additionality assessment ex-ante is included in the investment decision note, which is submitted to the Investment Committee. The rating includes two separate scores on financial additionality and value additionality, each receiving a score of low, medium, or high. The following criteria are assessed:</p> <p>Value additionality:</p> <ul style="list-style-type: none"> • Initial fund/project development • Structuring of finance • Participation on advisory boards/committees • Operational advice/other assistance <p>Financial additionality:</p>	<p>1</p>

- Long-term financing
- Equity investment or mezzanine finance
- Local currency funding

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

None, SIFEM only performs untied investments.

United Kingdom: British International Investment Plc (BII)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

British International Investment Plc (BII) established in 1948

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

100% calculated using the Institutional Approach

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	USD\$4.44bn (GBP£3.45bn)	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

BII's geographic mandate is set by the Foreign, Commonwealth, and Development Office (FCDO) with eligible countries, states and territories listed in Appendix 2 of BII's [Investment Policy 2022-2026](#). BII's eligible geographies are a subset of ODA eligible countries and those countries which graduate are removed. The Investment Policy includes provisions to ensure BII's investments are only made in ODA eligible geographies. This includes clause B7.1 that:

[BII] shall take such actions as shall be required in order to remain qualified as ODA-eligible entity, as defined by the OECD Development Assistance Committee.

It further details BII's approach to intermediated investments that may invest across geographies such as multi-region funds. To enable BII to invest in such funds the Investment Policy allows for up to 2% of BII's Net Asset Value (NAV) to be invested outside of eligible geographies but all funds must be invested in other ODA eligible countries.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

N/A

- 5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

N/A

- 6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

N/A

B. Mandate, mission and ownership

- 7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

<p>Yes. BII's Articles of Association sets out BII's objectives: <i>To contribute of sustainable development and economic growth that directly or indirectly benefits poor people by investing businesses and activities, especially when private commercial investors are reluctant to do so.'</i></p> <p>BII's mission statement is: <i>We are the UK's development finance institution and impact investor with a mission to help solve the biggest global development challenges by investing patient, flexible capital to support private sector growth and innovation.</i></p> <p><i>We invest to create more productive, sustainable and inclusive economies in Africa, Asia and the Caribbean, enabling people in those countries to build better lives for themselves and their communities.</i></p> <p><i>We invest every year in green infrastructure, technology and other sectors that need our capital the most. We currently partners with over 1,500 businesses in emerging economies, and we have total assets of £8.1 billion. We work with our investee partners to support them to succeed and grow impactful businesses.</i></p> <p><i>We are at the heart of the UK Government's international financing offer to emerging economies. That includes building partnerships with British businesses that operate in developing and emerging economies and who share our aims.</i></p> <p><i>We are a key partner to emerging economies that are most vulnerable to the climate emergency. Over the next five years, at least 30 per cent of our total new commitments will be in climate finance, making us one of the world's largest such investors in Africa.</i></p> <p>BII's mission is operationalized in five-year strategies. Its current 2022-26 Technical Strategy aims to support the achievement of the UN's 2030 Sustainable Development Goals (SDGs) and meet the commitments of the Paris Agreement by setting three strategic impact objectives and prioritizing investments that support:</p> <ul style="list-style-type: none"> • <i>Productive development – by raising the productivity of an economy so that it can support a decent standard of living for all;</i> • <i>Sustainable development – helping transform the economy to reduce emissions, protect the environment and adapt to the changing climate; and</i> • <i>Inclusive development – sharing the benefits of higher productivity and greater sustainability with poor and marginalised sections of society.</i> 	<p>Score</p> <p>1</p>
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- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

<p>BII is owned entirely by the UK Government with FCDO the sole shareholder and funder of the company. BII's Articles of Association form the basis of its governance and defines its purpose. FCDO sets BII's Investment Policy, including the</p>	<p>Score</p> <p>1</p>
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Policy on Responsible Investing; agrees BII's five-year Technical Strategy; and appoints the Chair and certain non-executive directors to BII's Board. FCDO then holds BII accountable for the implementation of the strategy through regular reporting and transparency processes, including annual and quarterly shareholder meetings.

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

Yes. Article B4.1 of BII's [Investment Policy](#) states:

When making decisions on potential investments, BII will consider, in each Investment decision, its additionality/contribution. This will include considering the financial benefit of BII's capital, but also the benefit of BII's value added, which could encompass environmental, social and governance, business integrity or any input particular to that Investment which brings value to the investee company or the wider economy of a country. BII will also consider the mobilisation of additional funding, utilising appropriate investment structures and vehicles, in particular seeking co-investment from aligned global partners such as sovereign wealth funds and UK investors, where it is a lead or important capital provider and therefore in a position to mobilise such additional funds. Both additionality/contribution and mobilisation are important issues which shall be considered by CDC alongside other investment considerations.

Article C1.1 of BII's Investment Policy addresses financial self-sustainability and states:

[BII] operates on the enduring and long-term principle of financial sustainability in pursuit of impact. This principle is given practical application every 5 years by the performance measures that are set in BII's Investment Policy. For the 2022-26 Investment Policy there are two proposed performance measures: the Aggregate Impact Score and the Financial Performance Measure.

BII's financial performance measure is currently set at as to the financial return on its Total Portfolio of "a Weighted Cumulative Investment Return of at least 2%."

Score

1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

BII's Operating Principles for Impact Management (OPIM) [disclosure](#) note details the systems and processes in place to ensure development objectives are pursued in effect. The alignment of BII's impact management system to the Principles is [externally verified](#) every two years. At its most recent verification BII was ranked 'Advanced' against seven of the Principles and 'High' on one.

BII's Investment Policy sets an overall performance measure for development impact. Article C1.2 states:

[BII] will seek to maximise, subject to its Financial Performance Measure, strategic direction and other considerations, the development impact of its portfolio, as measured by an Aggregate Impact Score, aiming to achieve an Aggregate Impact Score of between 4 and 8:

This is operationalized through BII's [Impact Framework](#) which provides the organization a consistent way to articulate impact, a lens to assess expected impact, and monitor it over time. It measures six ways BII's investments deliver impact: How, What, Who, How much, Contribution, and Risk. This approach is aligned with the [Operating Principles for Impact Management](#), the international standard for impact management, of which BII is a founding signatory. Key features of BII's Impact Framework:

- [Impact Dashboard](#): For each potential investment, BII translates its Impact Framework into an 'Impact Dashboard', which defines what it expects to achieve through an investment and involves assessing the impact against the six dimensions of impact, as well as linking the impact of the investment to the Sustainable Development Goals. Within each Dashboard is an assessment of BII's contribution, which examines the difference BII's capital makes to an investment. It ensures that BII is supporting impact that could not be achieved without it, and not displacing commercial investors. BII carefully considers the Impact Dashboard when deciding whether to invest.
- [Impact Score](#): To complement BII's detailed assessments of individual investments, BII uses a tool called the Impact Score to help manage its performance against its strategic impact objectives. It is designed to incentivize investments that support our productive, sustainable and inclusive objectives. Every potential investment is given a score against each of these three objectives, based on some of the factors we consider in the Impact Dashboard. An overall investment score is then calculated. The higher the score, the greater the alignment with BII's objectives. BII's Impact Score is [independently assured](#).

BII regularly monitors and reviews each investments performance against its Impact Dashboard and will update its Impact Score based on its monitoring. In addition to its Impact Framework, BII ensures that its invests responsibly ensuring that investees comply with its [Policy on Responsible Investing](#) and supporting investees to enhance environmental, social and governance practices.

Score

1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
<p>Bill's Investment Policy – set by FCDO - sets an overall performance measure for development impact. Bill is held to account for performance against this measure in several ways.</p> <ul style="list-style-type: none"> Detailed management reports are prepared quarterly for Bill's Board and FCDO. They cover the full performance of Bill's activities including progress against Bill's impact and financial targets; investment levels; commitments, realisations and status of investment pipeline; cash position, budget and recruitment; ESG and Business Integrity risks. Bill management is questioned on the quarter's performance by the FCDO's Director General (with oversight for the Bill) at the Quarterly Shareholder Meeting. Performance against Bill's development objectives are also linked to staff remuneration. The metrics which determine Bill's Long-Term Incentive Performance Plan ("LTIPP") – set by FCDO – includes measures of development impact performance, financial performance, and progress against annual corporate objectives. The weighting of these metrics is designed to support the strategic direction of Bill as an impact-led patient investor delivering strategic value to FCDO. <p>A full account of Bill's performance monitoring and reporting – including confidential information - is also provided to official oversight bodies. Bill is subject to review by the Financial Conduct Authority (FCA); the National Audit Office (NAO); and the Independent Commission for Aid Impact (ICAI).</p> <p>FCDO and Bill also jointly run a multi-year evaluation and learning programme which includes regular, longer-term evaluations of Bill's impact.</p>	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

<p>Bill is a public limited company (plc) registered in the UK (company number 03877777). Bill is owned entirely by the UK Government with FCDO the sole shareholder and funder of the company.</p>

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

<p>No.</p>

C. Development focus, impact, and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
<p>Bill's 2022-26 Technical Strategy outlines three strategic development objectives – with all individual investments assessed against these strategic objectives. Investments are prioritized that support:</p> <ul style="list-style-type: none"> Productive investment: to raise the productivity of an economy to support higher incomes and a decent standard of living for all. Sustainable investment: to address the climate emergency by helping to transform economies to reduce greenhouse-gas emissions, protect the environment, increase climate resilience, and contribute to a greener, cleaner planet. Inclusive investment: to ensure the benefits of higher productivity and greater sustainability are shared with the poorer and more marginalised sections of society. <p>This is operationalized through Bill's Impact Framework which sits at the centre of Bill's approach to ensuring development objectives are pursued in effect. Bill's Impact Framework provides the organization with a consistent way to articulate impact, and it provides a lens to assess expected impact, and monitor it over time. It measures six ways our investments deliver impact - How, What, Who, How much, Contribution, and Risk. Bill's overall approach ensures that it meets the Operating Principles for Impact Management, the international standard for impact management, of which Bill is a founding signatory. Across its portfolio Bill seeks to maximize</p>	1

development impact whilst achieving its financial hurdle.

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
<p>For all countries where BII invests, its objective is to support inclusive, productive, and sustainable economies. This is in line with the Regional and National Development Plans of governments in eligible country markets, where the need for investment, green growth and job creation is consistently cited as a top priority. The countries in which BII invests each have unique opportunities and needs – BII reflects this diversity in its approach to making investment decisions.</p> <p>BII's Impact Framework is a key mechanism for ensuring alignment with country needs on an individual level. As explained above, there are six dimensions against which every investment is assessed: 1) 'What' is the impact; 2) 'Who' benefits; 3) 'How much'; 4) 'How' will the impact be achieved; 5) what is BII's 'Contribution'; and 6) what are the 'Risks'. This assessment aligns with the industry leading Impact Management Project's dimensions of impact. New investments also receive an Impact Score, which explicitly takes account of country differences within the Productive and Inclusive elements of the score.</p> <p>BII's network of in-country teams working from 11 different countries across Africa and Asia also play an important role in engaging local stakeholders and ensuring investments are aligned with BII's primary engagement is with the private sector. However, in setting its investment strategy and in-market approach it regularly assesses the national development priorities of the countries it is investing into. BII often engages national stakeholders such as government ministers, officials, and regulators as part making and managing its investments. The purpose of these engagements is most often to help deepen BII's understanding of the macro-economic and development context in our markets as well as understanding sectoral priorities (for example the policy and regulatory environment for investment into renewable energy. Illustrative examples include:</p> <ul style="list-style-type: none"> • Country perspective documents. In implementing its current five-year strategy BII developed a series of country perspective documents specifying its approach to origination in selected markets. These documents identified relevant national development strategies, as well as FCDO's in-country priorities, and aligned BII's investment priorities with them. For example, BII incorporated India's national development priorities as outlined by the NITI Ayog in its "Strategy for New India at 75" resulting in an investment focus on climate sectors (e.g. electric vehicle / renewable power), and inclusion (e.g. specialised lending / affordable housing). • South Africa JETP. BII is part of international efforts to support South Africa achieve its green energy transition through the implementation of a Just Energy Transition Partnership (JETP). BII's approach to investing in South Africa's energy sector is shaped significantly by the country's national priorities. Recent investments which evidence this and demonstrate the coordination between BII and the South African government include the announcement by Globeleq (an independent power producer majority owned by BII) that it has been awarded preferred bidder status under South Africa's Energy Storage Capacity Independent Power Producer Procurement Programme (ESIPPPP) to develop Africa's largest standalone battery energy storage system the 153 MW / 612 MWh Red Sands project in the Northern Cape. 	1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes. BII's Operating Principles for Impact Management (OPIM) disclosure note details the systems and processes in place to ensure consideration of development impact is integrated throughout BII's investment activities. The alignment of BII's impact management system to the Principles is externally verified every two years. At its most recent verification BII was ranked 'Advanced' against seven of the Principles and 'High' on one.</p> <p>BII promotes the development impact of individual activities through two primary mechanisms:</p> <ol style="list-style-type: none"> 1. BII's Impact Framework which provides the organization with a consistent way to articulate impact, provides a lens to assess expected impact, and monitor it over time. It measures six ways our investments deliver impact - How, What, Who, How much, Contribution, and Risk. BII's overall approach ensures that it meets the Operating Principles for Impact Management, the international standard for impact management, of which BII is a founding signatory. Key features of BII's Impact Framework: <ul style="list-style-type: none"> ○ Impact Dashboard: For each potential investment, BII translates its Impact Framework into an 'Impact Dashboard', which defines what it expects to achieve through an investment and involves assessing the impact against the six dimensions of impact, as well as linking the impact of the investment to the Sustainable Development Goals. Within each Dashboard is an assessment of BII's contribution, which examines the difference BII's capital makes to an investment. It ensures that BII is supporting impact that could not be achieved without it, and not displacing commercial investors. BII carefully considers the Impact Dashboard when deciding whether to invest. ○ Impact Score: To complement BII's detailed assessments of individual investments, BII uses a tool called the Impact Score to help manage its performance against its strategic impact objectives. It is designed to incentivize investments that support our productive, sustainable and inclusive objectives. Every potential 	1

<p>investment is given a score against each of these three objectives, based on some of the factors we consider in the Impact Dashboard. An overall investment score is then calculated. The higher the score, the greater the alignment with BII's objectives.</p> <p>2. BII also pursues dedicated value-add activity through such as ESG, climate and gender progress. For example, BII has specialist teams and systems in place to assess E&S and BI risks relating to a prospective investment. These teams and systems gauge a prospective investee's ability to implement E&S and BI requirements before BII make an investment, with the objective of bringing investees into compliance with requirements over an agreed timeframe once invested. They monitor performance against BII's requirements and, if the Investee is failing to meet agreed requirements, seek to ensure they implement appropriate remedial measures.</p>	
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15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
<p>Yes. FCDO sets BII's strategic development objectives every five years. As part of the process of developing BII's five-year strategy, BII's impact framework is also taken into consideration, with updates made to the impact management process if needed. For example, the process for developing the 2022-26 strategy built on recent improvements to BII's impact management processes by introduced a new investment scoring system – the Impact Score - to align investments with the strategy's objectives and to help assessment, at a portfolio level, of BII's delivery against its three strategic impact objectives. BII is also committed to continual improvement, for example, in 2023, BII undertook a review of the implementation of the Impact Score, with a specific focus on inclusion. Ongoing learning is also supported by an FCDO and BII joint multi-year evaluation and learning programme which includes regular, longer-term evaluations of BII's impact.</p> <p>As a signatory of the Operating Principles of Impact Management BII also make public disclosure statements as to the alignment of its impact management processes with the Impact Principles on an annual basis. The most recent disclosure statement was published in July 2023. In addition BII's alignment has been verified by an independent assessor on a biennial basis. The most recent independent verification was conducted by BlueMark and found that BII had 'Advanced' alignment to seven of the principles and 'High' for the remaining principle. This places BII on BlueMark's Practice Leaderboard of best in class impact managers.</p> <p>BII's impact management can also respond to changing contexts. Events that result in significant economic structural changes will see BII respond accordingly – for example, the economic impact of the Covid-19 response saw BII implement a three-pillar approach to 1) support its investees to preserve impact – for example, suspending loan repayments; 2) make investments that strengthened the immediate response – including £400m of systemic liquidity to keep economies working and targeted investments to tackle the healthcare crisis such as guaranteeing the supply of syringes for the COVAX program; and 3) kick-starting the rebuild by being the first to start reinvesting when commercial investors have pulled back.</p>	1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

	Score
<p>Yes. BII's Impact Framework provides the organization with a consistent way to articulate impact, provides a lens to assess expected impact, and monitor it over time. It measures six ways our investments deliver impact - How, What, Who, How much, Contribution, and Risk. BII's overall approach ensures that it meets the Operating Principles for Impact Management, the international standard for impact management, of which BII is a founding signatory. Key features of BII's Impact Framework:</p> <ul style="list-style-type: none"> • Impact Dashboard: For each potential investment, BII translates its Impact Framework into an 'Impact Dashboard', which defines what it expects to achieve through an investment and involves assessing the impact against the six dimensions of impact, as well as linking the impact of the investment to the Sustainable Development Goals. Within each Dashboard is an assessment of BII's contribution, which examines the difference BII's capital makes to an investment. It ensures that BII is supporting impact that could not be achieved without it, and not displacing commercial investors. BII carefully considers the Impact Dashboard when deciding whether to invest. • Impact Score: To complement BII's detailed assessments of individual investments, BII uses a tool called the Impact Score to help manage its performance against its strategic impact objectives. It is designed to incentivize investments that support our productive, sustainable and inclusive objectives. Every potential investment is given a score against each of these three objectives, based on some of the factors we consider in the Impact Dashboard. An overall investment score is then calculated. The higher the score, the greater the alignment with BII's objectives. 	1

17. For information, please explain the rationale, modalities, and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

<p>As a development finance institution (DFI), the foundation of BII's work is collaboration with businesses in Africa, Asia and the Caribbean. At the end of 2022, BII had direct and indirect investments in more than 1,400 businesses – including 768 in Africa and 601 in Asia.</p>
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BII offers businesses a broad range of long-term, patient capital solutions across debt, equity and funds. Equity investments typically range between \$10m-\$250m in size and cover direct investments (often significant minority shareholdings) and follow-on investments. Debt investments typically range between \$10m-\$250m in size and cover senior loans to corporates and financial institutions, subordinated Tier II debt, risk sharing facilities, project finance, and trade finance. Funds investments can range up to \$150m in size and cover SME mid-cap and large-cap private equity funds, private credit funds, sector funds, risk sharing facilities and venture capital.

In addition to capital, BII provides investees with value-add activities and capacity building. This includes supporting improved Environmental, Social, Governance (ESG) and Business Integrity practices as well as thematic support on climate and gender. BII also has a dedicated [Technical Assistance \(TA\) facility](#) to support additional development impact opportunities within, and beyond, its portfolio.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

DFIs can invest into a business either directly or through partnerships. Common partnerships include funds, banks, microfinance institutions and specialist lenders. Partnerships, including those through funds, allow DFIs to effectively:

- Provide smaller levels of financing – for example, in 2020, a third of BII's new investments into businesses via funds were under \$1m per business and the smallest trade finance transaction supported was just \$6.
- Achieve impact at scale – for example, in 2021, the businesses of BII backed funds employed 659,710 people (over two thirds of the employment generated by the companies in BII's portfolio) and the gross loan portfolio of BII's financial-sector investments, converted to US dollars, stood at just under \$100bn.
- Raise standards in the wider market – for example, the work of DFIs has resulted in wide adoption of ESG practices across the African private equity market with BII's ESG Toolkit being a long-standing resource designed for funds focusing on knowledge transfer / building the bridge between policy and implementation of good ESG practices.
- Support the development of local institutions and their networks rather than try to replace or replicate that institution – for example, DFI support for first time fund managers in Africa increased the number of managers from 12 to 140 over a 20-year period ensuring greater access to limited growth capital beyond what DFIs on their own could provide. Banks also have wide local networks – for example Zanaco, a Zambian bank and BII investee, has a network across 10 provinces and 74 districts of Zambia.
- Mobilise other capital – DFIs often act as an anchor investor in funds which encourages commercial investors to invest alongside it, contributing to the £2.5bn of additional private sector capital invested alongside BII's commitments 2017-21.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

BII's investment decision making is conducted independently of government. In making investment decisions BII's Investment Committee is guided by key governance and strategy documents including the Investment Policy and Technical Strategy. Decisions are taken to maximize BII's development impact while ensuring commercial sustainability. None of BII's governance or strategy documents contain any requirements for a national component to be part of BII investments.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

	Score
<p>Yes. Article B4.1 of BII's Investment Policy states:</p> <p><i>When making decisions on potential investments, BII will consider, in each Investment decision, its additionality/contribution. This will include considering the financial benefit of BII's capital, but also the benefit of BII's value added, which could encompass environmental, social and governance, business integrity or any input particular to that Investment which brings value to the investee company or the wider economy of a country. BII will also consider the mobilisation of additional funding, utilising appropriate investment structures and vehicles, in particular seeking co-investment from aligned global partners such as sovereign wealth funds and UK investors, where it is a lead or important capital provider and therefore in a position to mobilise such additional funds. Both additionality/contribution and mobilisation are important issues which shall be considered by CDC alongside other investment considerations.</i></p> <p>This is operationalized through BII's Impact Framework which includes an assessment for additionality or 'contribution' for each proposed investment across three aspects:</p> <ul style="list-style-type: none"> • Financial additionality: would BII be providing capital that is not available in sufficient quantity or on suitable terms? • Value additionality: would BII be offering specialist expertise to investees in areas such as gender or climate? • Mobilisation: would BII be mobilising capital from others that would not otherwise be available? <p>The strength of BII's contribution in each proposed transaction is rated on a 4-point scale and investments are rejected if the threshold for additionality is not reached. BII's approach is aligned to the industry best practice Operating Principles for Impact Management. BII's approach to additionality or 'contribution' is outlined here also considers special cases such as secondary transactions, co-</p>	<p>1</p>

investments and follow-on investments.

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

	Score
<p>As outlined under question 20, BII's mechanisms include specifically assessing for financial additionality – whether BII is providing capital that is not otherwise available in sufficient quantity or on suitable terms. Our approach to contribution clearly states the importance of not crowding out commercial investors <i>“Contribution matters because it is necessary for development impact: we cannot have an impact on the lives of people in the countries where we invest if we are merely substituting for other investors, adding nothing. If we crowd out private investors, we risk inhibiting the development of private markets.”</i> BII's contribution guidelines ask questions to assess and mitigate the risk of crowding out and market distortions.</p> <p>Our commitments of potentially more distortionary concessional finance adhere to the MBD / DFI Enhanced Principles for Blended Concessional Finance, scrutiny of which is formalized as part of our investment committee process.</p> <p>The strength of BII's contribution in each proposed transaction is rated on a 4-point scale and investments are rejected if the threshold for additionality is not reached. The assessment that an investment is not crowding out private capital is interrogated at Investment Committee. The 'deal team' (e.g. the investment, impact and ESG professionals proposing and transacting the investment) who are seeking the approval of the Investment Committee to make the investment present an assessment based on several factors including knowledge of the market, behaviour of other investors, and information provided by the investee and third parties (see references below for more details). The rating is quality assured by a panel of BII's most senior impact professionals and must be sufficiently compelling to assure the Investment Committee that use of BII's capital is warranted.</p> <p>The deal teams are responsible for asking themselves the right questions to test the likelihood of financial or value additionality, as appropriate in the context of the investment in question. Some potentially relevant questions are:</p> <ul style="list-style-type: none"> • Based on what you know about the availability of capital in the market — sector and geography — are there examples of recent private investments that resemble the investment under consideration, in the same market? • Does the business require finance of a certain quantity or on certain terms to be viable or meaningfully increase its probability of success? Do we observe finance on those terms available in the market? • What do we know about the project sponsor's or GP's efforts to raise finance from private investors? • Does the investment in question differ from the typical investment in its market — is it an outlier? Does it have special characteristics that explain why superficially similar businesses could attract private finance, but this business could not? • Is the market in a down-cycle? (Would the investment be counter-cyclical?) • Is the investment part of a country's agreed investment strategy, where it has already been determined that capital is lacking and DFIs like BII are needed? • Is the investment pioneering new markets or business models? • What does the risk return profile look like? The more appealing the investment is as a commercial proposition, the less likely we are financially additional. • How deep has our engagement been with the sponsor or GP? Have we observed material changes in the business plan, ESG practices (or commitments), or other practices, as a result? Can we document that? • Can we get an explicit statement from management about why they want investment from BII and what they will do differently as a result? • How much influence do we really have over management? (Seat on board, on committees). • If we are offering non-financial services, do we have real expertise and a track record of delivery? Have we dedicated the resources needed to follow through? • Do we have evidence the firm values our non-financial inputs, will there be meaningful consequences if they fail to implement what is proposed? Will we receive reliable metrics to monitor implementation? <p>More detail on BII's approach to additionality is available here: https://assets.bii.co.uk/wp-content/uploads/2022/05/19141040/Our-approach-to-investor-contribution.pdf and in more detail here https://impactfrontiers.org/wp-content/uploads/2023/02/Impact-Frontiers-BII-Case-Study.pdf.</p>	1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

	Score
<p>Commercial sustainability: BII's investment decisions seek to maximise impact while preserving capital – taking an impact-led but commercially rigorous approach to all investments. All investments need to be commercially sustainable to deliver on their development impact thesis and this forms part of our due diligence. For example, increasing the number of households connected to reliable digital infrastructure requires a business to be profitable over the long term in order to fund expansion and maintenance of the service. Investment decisions are a process that balances impact outcomes against the risks to success (commercial, business integrity, environmental, social).</p> <p>Viability of investees: BII undertakes extensive commercial and non-commercial due diligence on potential investees. BII's Investment Committee process ensures that formal impact, commercial (financial viability), environmental (inc. climate aspect), social (inc. gender and diversity due diligence questionnaires), governance and business integrity due diligence is undertaken by specialist teams over a period of several months. The process includes desk research, surveys, interviews, and site visits. BII's due diligence practices rate favourably in comparison to its peer DFIs and commercial investors. In 2020 the Principles for Responsible Investment – a UN-supported network of investors - rated BII as 'A+' for its approach; and in 2022, the same body awarded BII 'ESG research innovation of the year' for its work on the WWF Water Risk Filter. Similarly, ICAI recognised BII is a "leader among DFIs in assessing and supporting environmental, social and governance (ESG) issues.</p> <p>BII's approach to non-commercial due diligence is set out in its Policy on Responsible Investing. The Policy sets out the requirements of investees, which are based on legal requirements as well as guidance from international frameworks such as the IFC Performance Standards; ILO Core conventions; OECD and UN conventions on combating bribery; FATF and Basel standards on anti-money laundering; and draws from the UN Principles of Business and Human Rights. Investees are expected to meet the minimum requirements set out in the Policy, with action plans and technical assistance interventions to support improvement. BII will work with investees in the pre-investment due diligence phase to jointly develop an action plan that supports them in meeting improved environmental, social, business integrity and (where relevant) corporate governance standards over the course of the investment period. This is an important way BII can help drive impact and standards. BII may also recommend specific improvements based on investment and business context, such as community health and safety or biodiversity conservation. Compliance with the Policy is integrated in legal documents, including action plans, prior to investing.</p>	1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

	Score
<p>Additionality is incorporated into BII's Impact Framework. BII is committed to continual improvement of its Impact Framework and its approach to additionality is considered when the Impact Framework is reviewed. In 2022, an independent verification of BII's alignment with The Principles conducted by BlueMark – a leading provider of verifications in this area – rated BII's revised approach to Contribution ('Additionality') as 'advanced' – the highest level possible and defined as 'limited need for enhancement'.</p>	1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

	Score
<p>BII's Impact Framework includes an ex-ante assessment for additionality or 'contribution' for each proposed investment across three aspects:</p> <ul style="list-style-type: none"> • Financial additionality: would BII be providing capital that is not available in sufficient quantity or on suitable terms? • Value additionality: would BII be offering specialist expertise to investees in areas such as gender or climate? • Mobilisation: would BII be mobilising capital from others that would not otherwise be available? <p>The strength of BII's contribution in each proposed transaction is rated on a 4-point scale and investments are rejected if the threshold for additionality is not reached. BII's approach is aligned to the industry best practice Operating Principles for Impact Management. BII's approach to additionality or 'contribution' is outlined here also considers special cases such as secondary transactions, co-investments and follow-on investments.</p> <p>It's important to note that the additionality of BII's investments can change over the investment lifetime. For example, several BII investments in India needed BII capital at the time of investment but would not necessarily need development finance today. This shows how investee companies can successfully graduate from initially needing development finance to attracting commercial capital into BII's markets. BII views this graduation as a measure of success for a development finance program.</p> <p>The practical steps taken to ensure that BII capital provides is not available in sufficient quantity or on suitable terms to the recipient country / project are same as in our supplementary answer to Q21 above. By terms of investment, we mean the attributes listed below (not an exhaustive list). To mitigate for the risk that different terms crowd out commercial investors we do not consider cheaper pricing to be a different term and also require an assessment that the different terms will make a material difference to the development impact delivered:</p> <ul style="list-style-type: none"> – Tenor of the loan (for debt) or intended investment period (for equity) – Grace periods or flexible amortization schedules 	1

- Mezzanine or innovative structures not otherwise available to the client
- Flexible collateral requirements

More detail on BII's approach to additionality is available here: <https://assets.bii.co.uk/wp-content/uploads/2022/05/19141040/Our-approach-to-investor-contribution.pdf> and here <https://impactfrontiers.org/wp-content/uploads/2023/02/Impact-Frontiers-BII-Case-Study.pdf> which shows the questions to consider on pages 10 and 11.

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

BII's main scope of collaboration with UK Export Finance – the UK's export credit agency – is focused on information sharing. This is achieved through regular CEO-level meetings and in-country collaboration between BII and UKEF based in Africa and Asia.

United Kingdom: FSD Africa Investments Ltd. (FSDAi)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

FSD Africa (Investments) Ltd. It was incorporated on 18 November 2016

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

100%

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	£ 60,173,859.00	Nil
Other	Nil	Nil

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

PSI vehicle investment chain is sufficiently short that finance can be tracked.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

N/A

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

N/A

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

N/A

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
<p>Yes. UK's Foreign, Commonwealth, and Development Office (FCDO) is a majority shareholder of FSDAI, FSD Africa (FCDO funded non-profit) is the only other shareholder. FCDO-FSDAI-FSD Africa have a shareholders' agreement in place that mandates how FSDAI (PSI vehicle) ought to deploy its capital.</p> <p>Financial Sector Deepening Africa (FSD Africa) was established by the UK Government in 2012. FSD Africa was set-up by the UK Government to build financial markets and institutions across sub-Saharan Africa. The UK established FSDAI as FSD Africa's investment vehicle to address challenges in African financial markets through direct investments.</p> <p>FSDAI's investment mandate as set out in its Shareholder's agreement "is to provide high risk and patient investment capital to transformative financial services firms, funds, financing platforms and other financial markets enablers that have high potential for systemic change in building financial markets in Africa to finance the real economy, basic services, and climate change mitigation".</p> <p>Grant and risk capital funding is channeled to investments and projects which promote the development of the financial sector across sub-Saharan Africa.</p>	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
<p>FSDAI was established as FSDA's investment vehicle to address challenges in African financial markets through direct investments. FSDAI is a Company limited by shares, and is legally accountable to its shareholders (the UK Secretary of State for Foreign, Commonwealth and Development Affairs and FSD Africa, an UK Government-funded organisation (established as a Kenyan company limited by guarantee)).</p> <ul style="list-style-type: none"> • The UK Government is the sole guarantor of FSD Africa and appoints the Chair of the Board • FSDAI's mandate/mission is set out in the Shareholders Agreement dated 1 December 2020 (between the Foreign, Commonwealth & Development Office (FCDO) Financial Sector Deepening Africa (FSD Africa) and FSD Africa (Investments) Limited) • A UK Government representative sits on all the FSD Africa Board Committees, including the Investment Committee and the FSDAI Company's Board • The UK Government has monthly calls with the FSDAI management team to discuss day to day issues such as management of the existing portfolio, their forward pipeline of investments and risks & mitigation (including ESG, fraud and safeguarding issues) • All other donors contribute to FSD Africa's strategy by supporting specific projects and programs. They only come in to provide oversight for projects they fund. 	1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Yes. FSD Africa's additionality is seen as the unique contribution it makes to enhance impact by providing capital and non-financial support on terms not otherwise available. This is split into financial and non-financial additionality. Financial Additionality – The additional impact brought by different terms, conditions, and finance structures provided by FSD Africa</p>	1

compared with what is available commercially. This only applies to investments because the other parts of FSD Africa deploy grants and concessional funding, which would not displace commercial funders. Non-financial additionality – The unique contribution that FSD Africa makes to improved or accelerated project and market outcomes. The types of non-financial additionality can be split into risk mitigation; policy, sector, institutional or regulatory change; standard setting; capacity-building, and capital mobilisation. This would not necessarily cover co-investment, but rather catalyse commercial mobilisation.

These include investments in challenging geographies or sectors, which are further from commercial investors' comfort zones and may represent opportunities for investment in an environment that is starved of investment capital – and so be additional in that sense. In assessing the focus of FSD Africa's investments, it will need to weigh up the trade-off between frontier focus and mobilisation of capital.

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
<p>PSI vehicle (FSDAi) invests to deliver against the FCDO's FSD Africa Platform programme logframe. FSD Africa's investment strategy is set out with its "Investment Policy For Grants, Loans and Other Investments" and covers any project that FSD Africa invests in with grants and returnable grants, as well as risk capital invested through its subsidiary FSDAi. This Investment Policy is driven by market-building principles. FSD Africa/FSDAi will:</p> <ul style="list-style-type: none"> • Encourage market-wide reforms through research, advocacy, capacity building and other technical assistance. • Invest catalytic capital in innovative financing intermediaries and mechanisms to build financial markets. • Support knowledge transfer across the region. <p>Ultimately, building financial markets aims to improve livelihoods, reduce vulnerability and drive inclusive growth. These goals are achieved by improving effective access to financial services (breadth) and by facilitating the greater use of investment capital for productive purposes (depth). FSD Africa will use both grant funding and risk capital through FSDAi to address the critical constraints in financial markets – such as regulatory, informational or capacity constraints - that prevent the achievement of these high-level goals.</p> <p>There are different routes to achieving these goals. FSD Africa's market building strategies are laid out diagrammatically in its Theories of Change, and updated from time to time to reflect its new five-year business cycle and strategy re-refresh. These describe the logic behind FSD Africa's investment activity and inform the Investment Policy for grants and risk capital.</p> <p>A market-building purpose also implies avoiding actions that undermine or distort the market, such as using subsidy to create an unfair advantage for one player at the expense of another.</p>	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
Yes, UK Government's Foreign, Commonwealth, and Development Office.	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

Over 50% of shares are held by FCDO. The remainder are held by FSD Africa (the non-profit). FSDAi is registered in Kenya and therefore is not consolidated with the FCDO.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No. It has not to date, and all parties (FCDO-FSDAi-FSD Africa) understand that dividends should be recycled within the PSI vehicle for the same purpose as the initial investment capital.

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

Yes. 100% of funding is ODA. Top level logframe indicators pertain to environmental benefits, economic opportunities created, and fragility and vulnerability addressed.	Score 1
13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).	Score 1
Yes. PSI vehicle engages with investors and investees domiciled within recipient countries, and is part of a broader programme that provides technical assistance to governments and organisations around the deepening of the financial sector e.g. regulation reform, technical assistance, proof of concept activities.	1
14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).	Score 1
Yes, PSI vehicle (FSDAi) works closely with the FSD Africa development impact team to design impactful activities and track them to ensure they deliver desired development impact ambitions. The PSI vehicle (FSDAi) also works closely with FSD Africa's communication team, and the UK's Embassy and High Commission network to promote the development impact of FSDAi's development impact.	1
15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.	Score 1
Yes. Targets are reviewed annually. The framework was refreshed within the past three years.	1
16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.	Score 1
Yes, each investment undergoes a rigorous development impact (DI) screening before reaching the PSI Investment Committee. This process assesses the potential development impact of the proposed investments by assessing the evidence supporting the impact thesis (breadth, depth, and market impact) and identifying any development impact risks associated with the investment. The DI screening outcomes forms part of the evidence considered by the PSI IC to approve investments. During the investment design phase, development impact indicators and targets are agreed in collaboration with investment partners. These targets are then used to assess the investment's performance post investment approval by the IC. These indicators cut across different results levels both at issuance level and its effects on the ultimate beneficiaries.	1
17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.	
18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?	
19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?	

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.	Score 1
Yes. FSDAi fills a 'unique and necessary position in the market'. Through deploying early-stage, risk-bearing capital at the frontier of building financial markets, FSDAi is 'enabling investment in sectors which are vital in creating a sustainable future for African	1

economies'. Over the past six years, FSDAI has demonstrated its additionality, through its ability to assume the commercial risk of novel financial solutions that neither development finance institutions nor private investors are prepared to take. FSDAI's hands-on approach, acting directly and indirectly to improve the technical capability, governance and business professionalisation of investees, has proven effective in crowding in commercial capital. This additionality relates both to bearing a stake in disruptive solutions which other investors were not prepared to assume, and to the type of capital which FSDAI deployed, including equity, first loss on an exceptional basis, patient capital and subordinated loans, which was more risk bearing than others. The PSI vehicle has an additionality measurement framework in place that is used to assess both financial and non-financial additionality of its investments, this is usually done during the DI screening.

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

	Score
Moving FSDAI toward a fully commercial financing model - seeking commercial or near-commercial returns - would position it in a crowded DFI market, significantly reducing its additionality whilst jeopardising meeting climate and development goals which will not be achieved in the absence of concessional financing given market failures and scale of financing gaps. The external performance review highlights FSDAI's financial additionality is particularly strong on smaller direct investments in early-stage businesses with 'such high risks that they were not contemplated by other investors, offering a clear opportunity for market transformation'.	1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

	Score
Yes. FSDAI has a mandate for a 2% gross return (open to amendment), and a 0% net return. Thus, FSDAI builds a portfolio with the intention of commercial sustainability.	1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

	Score
<p>FSDAI is not only responsive to emerging evidence but also pro-active in generating it. In 2022, its Development Committee approved a three-year strategic research and learning agenda, to be informed by a Research Programme Steering Committee composed of experts drawn from academia and other selected institutions. The programme will investigate the hypothesis that green growth can deliver better and more inclusive economic, social and environmental outcomes when compared to business as usual. In particular, it will:</p> <ul style="list-style-type: none"> - Build FSDAI's understanding of the micro-level benefits of green growth, including reducing vulnerability and fragility amongst vulnerable populations, to help identify the most promising financial innovations and interventions for inclusive green growth. - Consider impacts of economic development and s change through a gender lens, to allocate finance to sectors that have high potential to result in better impact for women. - Integrate gender and climate change lens in financial sector development, to explore interventions that drive more capital to gender-sensitive green growth. <p>FSDAI reports on OECD DAC Capital Mobilisation, and International Climate Finance.</p>	1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

	Score
Yes, As part of the DI Screening, FSDAI assesses the potential development impact of prospective investees, and additionality of the proposed investments and is continually reported on through the investment's timeline.. FSDAI, reports and claims impact based on the proportion of its contribution.	1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

DEFRA has funded FSD Africa's Nature programme (TNFD), based on this FSD Africa reports to DEFRA separately on nature and biodiversity results. (separate Log frame)
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United Kingdom: Mobilising Finance for Forests (MFF)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Mobilising Finance for Forests (MFF) 2021

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

ODA coefficient of 1 (100% ODA)

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	£7m RDEL and £94m FT-CDEL - £101m total	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

Yes – both the MFF programme and the delivery partner can only invest in ODA eligible countries.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

As above – no investment outside of ODA eligible countries will be approved.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

NA

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

n/a

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

	Score
Yes – the MFF programme aims for a reduction in deforestation rates in priority landscapes of tropical forest countries, leading to reduced emissions and improved livelihood	1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
Yes – the UK has set up the programme and its mission. It's also the sole contributor	1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Yes- the programme will provide concessional capital to projects with high mitigation potential and strong co-benefits for biodiversity and economic development. The programme will deliver 3 main types of financial support:</p> <ul style="list-style-type: none"> • Development Contribution or repayable grants (low revolvability) – max 20% of MFF - To enable a project to reach a financeable stage and accelerate project development and build the pipeline of projects. • Investment Facility (revolving) – at least 75% of MFF- Once a project is bankable, it can be followed up with an equity investment, or a (mezzanine) loan to scale-up the project de-risk the fund / project and attract more DFI or commercial funding in each project. Any cash flow from the Investment Facility could be reinvested to increase the impact and the outreach of MFF. • Capacity Development & Technical Assistance (TA) (non-revolving) – up to 5%. The portfolio clients and investees can be further supported with TA. The TA Facility will 1) help to support the replication and commercial scale-up of investments and 2) to convene key stakeholders to share knowledge, lessons, data and blueprints with the wider investment community operating in this space. <p>Each investment will be reviewed by the UK and the delivery partner's investment committee with a focus on additionality, financial sustainability and not distorting market.</p>	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
The programme is reviewed and scored on an annual basis against its objectives through an annual review process. Additionally, a programme evaluation will be carried out with the first one due this year to assess the efficiency of the programme.	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
As above, the programme is reviewed and scored on an annual basis against its objectives through an annual review process. If the programme consecutively score badly for more than 3y, DESNZ can stop funding it.	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

The MFF programme is solely funded by the UK but is not its own investment vehicle and doesn't have shareholders. It's recognized on DESNZ balance sheet as an investment and the proceeds will come back to DESNZ when the programme ends.

11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No

C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

Yes - The programme will invest in projects that either: <ul style="list-style-type: none"> Incorporate forest protection and restoration into sustainable forms of Agriculture: to support the shift towards deforestation free value chains of commodities e.g. Timber and Pulp, Soya, Cattle, Palm Oil and Cocoa. Create value from existing forests: to reduce incentives to cut down forests through non-Timber Forest Products, carbon offsetting schemes, eco-tourism and payment for eco-system services. 	Score 1
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13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

<p>Priority countries for MFF have high deforestation rates, and typically are home to critical tropical forest habitats. These include countries in Latin America, Africa and Asia. The selected countries were divided in two priority lists based on their perceived potential for impact:</p> <ul style="list-style-type: none"> Tier 1 Priority Countries: Brazil, Colombia, Peru, Indonesia, Malaysia, Republic of Congo, Gabon, DRC, Ghana and Ivory Coast Tier 2 Countries: Mexico, Paraguay, Ecuador, Nigeria, Ethiopia, Kenya, Tanzania, Mozambique, Zambia, India, Myanmar, Thailand, Laos, Cambodia, Vietnam, Philippines, South Africa <p>In line with FMO's strategy, no investments will be made in developed countries. Moreover, MFF only invests in the private sector. Despite this, we aim as much as possible to inform ourselves of and to adhere to national development plans. Investment Officers, ESG Officers, and other experts at FMO have experience working for numerous years within specific regions, and countries and keep up to date with local developments. We also engage recurrently with networks of local experts, including NGOs and other private and public parties to gain insight on our sector of activities and to maintain our understanding of local markets and contexts. These engagements can be done at the level of individual expert, within the context of due diligence for specific investments. They also take place more broadly as part of high-level strategic discussions within FMO. For instance, in March of 2024, an FMO delegation including members of the Management Board, and Directors, flew to Ghana and South-Africa to gain insight on the role, challenges and potential impact of plantation forestry from the perspective of local stakeholders. As part of this trip, the delegation met with the Executive Director of the Forest Services Division of the Ghanaian Government's Forestry Commission. The meeting was part of a full day of stakeholder engagement, during which the Commissioner offered the perspective and ambitions that the Ghanaian Government has for the sector. He also shared his perspective on the role of the private sector in helping them achieve their ambitions.</p>	Score 1
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14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

Each investment is assessed against the development objectives of the programme and the UK has a veto right for projects that don't meet the criteria.	Score 1
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15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

Yes the development impact framework is reviewed and kept up to date every year.	Score 1
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16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

Yes – this is addressed throughout the investment and due diligence process prior to the investment. The UK is able to review this	Score 1
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assessment at a certain point and can veto investment that don't meet the criteria.

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

Some proponents of the projects or investment managers that receive funding will be based in donor or third countries. But all investments and activities will take place on the ground in ODA eligible countries.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

There are a limited number of intermediaries (investment managers or proponents of projects) directly based in ODA-eligible countries that will meet investment requirements. But all funding is always redirected and invested in ODA eligible countries even if the intermediaries are not.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

All investment decisions are generated by the delivery partner, completely independently from the UK government. There is no preferential treatment for UK linked businesses.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

	Score
<p>Additionality is assessed by the delivery partner during the investment process and form a core part of the decision. Forestry / SLU is a high risk sector, with operations located in high(er) risk countries and mainly with complex environmental- and social issues. This combined with long tenors required in forestry / SLU, commercial parties are not willing to accept and were MFF plays a crucial additional role in taking i.e. first loss position to de-risk projects and to catalyse commercial funds. To leverage MFF, FMO is always trying to blend in other funding either from FMO balance sheet or other funds FMO has access to.</p> <p>MFF is also embedded in FMO's operations and internal investment process. Investments using funding from public funded programs (such as MFF) must comply as closely as possible with Blended Finance Principle (BFP) as laid out by the DFI Working Group on Blended Concessional Finance for Private Sector Projects (2017). Additionality in particular is seen as an essential BFP within FMO. Both financial and ESG additionality are considered. MFF's additionality to investments through FMO's own balance sheet is also assessed. In the rare cases where financial additionality is limited, ESG additionality must be particularly high.</p> <p>Additionality is (re-)assessed at in different stages of the investment process. The BFPs have been embedded in FMO's Investment Criteria for MFF. These are criteria that must be followed by investment officers and are taken on board at the early stages of assessing a transaction. At the Clearance in Principle stage (CIP), Investment Officers must complete an Evaluation Form for MFF on top of the CIP. This form is used by the MFF Portfolio Manager at FMO to assess the fit of the transaction with the MFF Mandate, and its fit with BFPs. CIPs and evaluation forms are discussed by Portfolio Managers of the Public Investment Management Team during Blended Finance Committees. After further Due Diligence, a Financial Proposal will be made by the Investment Teams. Our Credit team and Portfolio Managers will again assess the proposed transactions in line with the MFF Investment Criteria.</p> <p>Additionality in MFF's Investment Criteria Please find below the Additionality Criteria as Outlined in MFF's investment Criteria. The Government Program's investment criteria are currently being re-written, but will include similar language.</p> <p>“Additionality The program provides financial services only when the market (including other DFI's or MFI's) is not sufficiently able to provide financing on an adequate scale or on terms that make the project or fund commercially viable. If financial additionality is limited, the MFF investment should have strong E&S additionality. E&S additionality preferably takes the client or investee beyond complying with national/local E&S requirements and standards. Financial and E&S additionality must be clearly explained in the CIP and FP.</p>	<p>1</p>

Additionality FMO-A

CIPs and FPs must clearly explain why the project does not comply with FMO-A investment criteria, and hence why MFF (co-) investment is necessary. Meeting the MFF criteria, incl. objectives and (impact) reporting requirements, is essential.

Additionality to other ODA support from the UK

Highlight if the proposed investment has already received grant or concessional capital from a different programme supported by the UK and explain why further support from MFF is required in this case."

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

	Score
<p>Yes – an assessment is done by the delivery partner prior to the investment. In many cases MFF sets new business models and standards, supports innovative projects and fund managers which could work a blueprint for scalable business models. Moreover, MFF only invests in financially feasible projects to make sure that projects can be scaled to realize sustainable development values.</p> <p>In line with BFPs, Investment Criteria for government programs such as MFF also address market distortion:</p> <p>Risk versus Remuneration Profile Please find below the Additionality Criteria as Outlined in MFF's investment Criteria. The Government Program's investment criteria are currently being re-written, but will include similar language.</p> <p>"MFF generally accepts a higher risk profile than FMO-A. Risk is higher (client or investee risk, product risk, country risk) and, in general, needs to be compensated by a higher return. So if MFF is subordinated to FMO-A in a certain transaction, typically, MFF will receive a higher overall compensation. There can be exceptions if a higher concessionality is necessary.</p> <p>In terms of pricing: - The transactions should not under-price transactions with a similar or lower risk profile in the same market (total interest margin should be in line with market). The fund is not to distort markets: market conformity is leading.</p> <p>The MFF Portfolio Manager must provide final clearance on the return profile of each transaction."</p>	1

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

	Score
<p>Yes – an assessment is done by the delivery partner prior to the investment. MFF is governed by the whole FMO risk assessment framework embedded in the FMO investment process – there are various stages of assessment of commercial viability. This includes: front-office origination, investment proposals involving ESG, compliance, impact, finance and risk.</p>	1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

	Score
<p>Yes – the additionality framework is based on the IFC blended finance principles which are reviewed regularly. The current Investment Criteria for Government Funds (and thus for MFF), are being updated to further embed Blended Finance Principles. This update was motivated by an evaluation of FMO's balance sheet commissioned by the Ministry of Foreign Affairs. These evaluations take place approximately every five years. One of the requests from the last evaluation was to further embed blended finance principles in FMO's processes.</p> <p>More broadly, FMO remains involved in discussions related to Blended Finance Principles and up to date with developments on key principles such as Additionality. These insights are considered in our own assessment of Additionality. The Additionality framework developed by the DFI Working Group on Blended Concessional Finance for Private Sector Projects (2017) was notably used as basis for the updated Investment Criteria for Government Funds, currently under development. Moreover, FMO is eager to engage with different stakeholders on the topic, including DFIs, but also parties that may bring us different perspectives. Through MFF, FMO is currently working with Systemics's Blended Finance Task Force to promote the better understanding and use of blended finance principles.</p>	1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

<p>Yes – an assessment is done by the delivery partner prior to the investment. Please refer to answers above for the ex-ante assessment of investments. As can be read in MFF’s Investment Criteria section ‘Risk and Remuneration Profile’, investment through government programs normally require higher returns for the higher risk taken by the program. This requirement is meant to incentivize clients to transition to more senior funding.</p> <p>After contracting, projects are at least reviewed on an annual basis. Government Programs such as MFF are part of FMO’s graduation model and aim to catalyse further investments. In case MFF might have played its role we have the intention to replace MFF by more senior funding that is more suitable for the phase of the project going forward.</p>	<p>Score</p> <p>1</p>
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

n/a

United Kingdom: Mobilising Institutional Capital Through Listed Product Structures (MOBILIST)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

Full official name of the institution: Mobilising Institutional Capital Through Listed Product Structures
 Official abbreviation: MOBILIST
 Year the institution was created: 2020

A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

100%

3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	100%	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

MOBILIST only invests in ODA-eligible countries. If an investment is made into a multi-country vehicle that includes non ODA-eligible countries, MOBILIST's investment is tagged to ODA-eligible and sustainable assets.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

N/A

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

NA

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

N/A

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

The mission statement for MOBILIST is set out in the business case and the investment policy: MOBILIST aims to raise new sources of capital to address the financing gap for the UN Sustainable Development Goals (SDGs) by supporting the listing of developing country investment products on major and local exchanges in public markets. Capital is channeled to investments and projects which promote sustainable economic development, the attainment of the SDGs and support for country's climate transition plans across ODA eligible countries.

MOBILIST seeks a step change in the method and scale of private capital mobilisation for development finance by demonstrating that new models for intermediating capital can through 'price discovery,' begin to crowd in new investors and new capital to help bridge the financing gap.

Score

1

- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

No, although investment decision making takes into account and favours investment vehicles whose mandate aligns with National Govt. priorities e.g. NDC pathways.

Score

1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

Yes. This is addressed in the investment policy which details the investment criteria of which potential investments are assessed by: additionality, commercial viability, feasibility, replicability and scalability.

MOBILIST invests on commercial terms, pari passu with other commercial investors and does not therefore offer any form of concessionality which can distort price signals in the market.

MOBILIST's capital must not displace and/or distort the market for either private or development finance capital and must also create investment opportunities that are likely to mobilise additional development and institutional finance and commercial capital in the near or medium term.

MOBILIST aims to provide policy additionality by demonstrating to the development finance community new and innovative ways of channeling finance to support sustainable development in developing countries, particularly institutional investment via public markets.

Score

1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

<p>As part of the investment process, MOBILIST conducts a MEL due diligence which assesses an investees impact through a development impact score, IFC performance standards, ESG standards, frameworks and disclosures, and post-investment monitoring. Any gaps are supported with technical assistance to strengthen their ESG and impact frameworks.</p> <p>MOBILIST has a reporting system which monitors investees' development impact, financial information and ESG risks. The ESMS system details investees' ESG and development impact principles, inclusion and exclusion policies, transaction process, risk management, and reporting and verification requirements.</p>	<p>Score</p> <p>1</p>
<p>9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.</p>	<p>Score</p> <p>1</p>
<p>MOBILIST is wholly owned by the UK Government and its decision-making structures follow mandated UK Government approval processes.</p> <p>More specifically, the governance of MOBILIST comprises a MOBILIST Steering Committee, and separately a MOBILIST investment decision-making committee. The Steering Committee and Investment Committee comprises senior representation from the UK Government as well as distinguished representatives from the private sector.</p>	<p>Score</p> <p>1</p>
<p>10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.</p>	<p>MOBILIST is funded from the UK ODA budget and includes a financial contribution of £3m over 3-years from Norad.</p>
<p>11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.</p>	<p>NA</p>

C. Development focus, impact and due diligence

<p>12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.</p>	<p>Score</p> <p>1</p>
<p>Yes, MOBILIST aims to promote sustainable economic development through increased investment across the economy. It is sector agnostic but the majority of investments have supported investment in sustainable infrastructure.</p>	<p>Score</p> <p>1</p>
<p>13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).</p>	<p>Score</p> <p>1</p>
<p>MOBILIST is market led and supports investment into sectors that support the SDGs and climate transition. There is often close association and collaboration with key Ministries and regulators in the countries within which MOBILIST operates. For example, in relation to Bayfront, MOBILIST maintains regular contact with the Monetary Authority of Singapore and through Post with GoS.</p>	<p>Score</p> <p>1</p>
<p>14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).</p>	<p>Score</p> <p>1</p>
<p>Development impact, frameworks and post investment monitoring is assessed as part of the investment process. Any gaps are supported with technical assistance to strengthen their ESG and impact frameworks and capability.</p> <p>Technical assistance in blended finance programmes is generally intended to increase the commercial viability and/or development impact of investments. Knowledge transfers with respect to the creation, monitoring and evaluation of impact are a public good. MOBILIST provides monitoring, evaluation, and learning (MEL)-oriented technical assistance (TA) to prospective investees engaged in the due diligence process to ensure that products meet MOBILIST investment standards, including the IFC Performance Standards. The recommended TA is also evaluated on the extent to which it will create value addition with respect to facilitating the listing of the product or capital mobilisation, improving development impact, having a material impact in the near term, aligning with investee demand, generating learnings that contribute to the public good, and being deliverable given value for money.</p>	<p>Score</p> <p>1</p>

The provision of MEL TA has played a catalytic role, enabling MOBILIST investees to attract critical investment, ensuring that investees' operations report their intended impact and that MOBILIST achieves its programme goals. For example, in-house MEL TA supported the X investee in aligning reporting structures with IFC Performance standards to maximise both its potential impact and ability to attract investment. Meanwhile, externally contracted specialist TA (e.g. for Y) was able to improve allocations of proceeds to green assets to support future impact. More detailed information on the specific analysis, recommendations and gaps identified is available. However, it is important to note that this process played a key role in ensuring the additionality of MOBILIST for these investees by gearing assessment ratings specifically towards assessing ways in which investments could be better brought in line with MOBILIST impact goals.

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

MOBILIST applies a Development Impact Score (based on BII methodology), including a review of recipient's ESMS policies and subsequently ongoing monitoring of the transaction. The impact score is reviewed at intervals and kept up to date following any changes BII introduce. MOBILIST also provides technical assistance support, pre-and post-listing. For example, externally contracted specialist TA (e.g. for BIC IV) was able to improve allocations of proceeds to green assets to support future impact. MOBILIST does not play a role in "intermediaries' investment decision-making" and is careful to ensure its investor obligations (including concerning inside information) are adhered to.

Score

1

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

It is assessed ex ante through the investment process as detailed above.

Score

1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

MOBILIST partners with public stock exchanges around the world: currently the London, Nigeria, Johannesburg and Philippine Stock Exchanges, Brazil Bolsa, Balcão, Singapore Exchange, Mexico's Bolsa Institucional de Valores and Bursa Malaysia. This has created a network to source transactions globally that are close to listing.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

MOBILIST invests in several types of listed product structures such as investment companies that then invest privately. They are a type of listed structure which allows access to underlying illiquid assets such as infrastructure.

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

Under the UK's International Development Act 2002, tied investment activities are prohibited. MOBILIST adheres to the law in this respect.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

MOBILIST ensures financial additionality by using an underwriting process at IPO. This ensures that MOBILIST only invests the amount needed for a product to reach the target value for listing.
MOBILIST adds value additionality by providing TA to improve development impact and ESG frameworks and capability, for example TA for an investment was able to improve allocations of proceeds to green assets to support future impact.
MOBILIST also provides policy additionality by demonstrating to the donors and the development finance community that development finance can be utilised in innovative and new ways to scale private capital into developing countries.

Score

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

<p>MOBILIST takes a commercial approach throughout its investment process. It provides commercial capital on pari passu terms with other commercial investors. Market distortions are a disabling factor with respect to mobilising capital at scale, because scale is predicated on commercial viability.</p> <p>On exit, MOBILIST ensures there is no market distortion by exiting in a timely manner ensuring that the price isn't affected by slowly reducing its holding when there is market appetite to buy. MOBILIST also communicates transparently about its exit strategy so the market is aware.</p>	<p>Score</p> <p>1</p>
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22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

<p>MOBILIST assesses commercial viability, feasibility and credibility as part of its investment process. Through its investment sourcing process only products that are backed by market intermediaries such as investment banks and stockbrokers can apply to the Source Select Support (S3) process, this therefore ensures there is investor demand and commercial viability of the product.</p>	<p>Score</p> <p>1</p>
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23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

<p>Ongoing, with yearly MEL reviews and a report.</p>	<p>Score</p> <p>1</p>
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24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

<p>Additionality is assessed ex-ante through the investment process as described above.</p>	<p>Score</p> <p>1</p>
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25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

<p>Opportunistic. None at present.</p>	
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United Kingdom: UK-India Development Cooperation Fund (UKIDCF)

Basic identification details

1. For information, please provide the full official name of the institution, its abbreviation and year of establishment.

<p>UK-India Development Cooperation Fund (UKIDCF) established in 2021.</p>	
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A. Disbursement breakdown

2. For information, please indicate the ODA coefficient applied to the most recent capital increase of the PSI vehicle, if any (irrespective of the reporting approach used). How was it calculated?

<p>UKIDCF invest 100% in ODA eligible countries. At present, UKIDCF is investing in India. UKIDCF is established to support achievement of development objectives in India under the UK India 2030 Roadmap. UKIDCF brings in additionality by providing patient capital to early-stage companies, underdeveloped sectors & areas (which are perceived as high risk by commercial investors) to de-risk and mobilise additional capital for scale.</p>	
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3. For assessment, using the table below, please indicate the sum of annual disbursements for the last three years which have been a) allocated to countries and territories on the DAC List of ODA Recipients and b) administered with the promotion of economic development and welfare of developing countries as their main objective and c) additional financially and/or in value, together with their development additionality.

2021-2023	Administered with the promotion of economic development and welfare of developing countries as their main objective, and additional financially and/or in value, together with their development additionality	Other
Allocated to countries and territories on the DAC List of ODA Recipients	2021 = £1,822,615 2022 = £183,033 2023 = £3,319,960	
Other		

Note: See [here](#) the DAC List of ODA Recipients for 2021-23.

4. For assessment, concerning the disbursements allocated to countries and territories on the DAC List of ODA Recipients, does the PSI vehicle maintain any mechanism(s) to ensure that finance allocated to multiple countries or to regions only targets ODA Recipients? If so, describe the mechanism(s).

The UK Government has set the mandate and mission of UKIDCF. Any changes require prior consent of the UK Government. There is an established mechanism to track all the spend. UKIDCF is a vehicle registered in India to invest in areas of agreed mutual priorities between UK and India on the bilateral development cooperation under the UK India 2030 Roadmap. It currently invests only in India and may in time invest small amounts for impact in other ODA eligible developing countries in Africa, South Asia and Indo pacific region. 100% of its portfolio is in ODA eligible countries.

- a. For newly established or restructured PSI vehicles, are there any safeguards put in place to ensure these ex-ante estimations are implemented de facto?

Yes. All safeguards have been built in the contractual documents and the manager is bound by them. The vehicle is regulated by the Indian capital markets regulator – which lays down additional principles, safeguards and compliances for the manager to adhere. The UK Government has set the investment strategy and any change would require its consent. UK has the necessary oversight on the operations of the vehicle. UK has regular discussions with the team to discuss strategic priorities, forward pipeline, finances, manage existing portfolio and assess risks & mitigations.

5. For information, if relevant, please describe the nature of finance provided by the PSI vehicle to official sector entities.

Not applicable

6. For information, if relevant, please describe the nature of finance provided in support of non ODA-eligible activities.

UKIDCF only invest in ODA eligible activities.

B. Mandate, mission and ownership

7. For assessment, do the PSI vehicles' statutes, mandate or mission statement clearly set the development purpose of the vehicle? If so, please explain how.

Yes, UKIDCF is established to support achievement of development objectives in India under the <u>UK India 2030 Roadmap</u> . It invests in sectors that promote sustainable economic development, help reduce poverty and contribute towards achievement of India's Sustainable Development Goals (SDGs).	Score 1
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- a. Does the national government play a key role in setting up such development purpose of the PSI vehicle? If so, please explain how.

	Score
Yes, UKIDCF is a UK Government PSI Vehicle. The UK Government has set the mandate and mission of UKIDCF. Any changes require prior consent of the UK Government.	1

- b. Do the statutes, mandate or mission statement address the additionality and non-market distortive nature of the private sector instruments provided by the PSI vehicle, as well as its financial self-sustainability? If so, please explain how.

	Score
<p>Yes. Additionality and non-market distortive nature are enshrined in the incorporation documents of UKIDCF.</p> <p>UKIDCF takes on pioneering risk in demonstrating additionality and the role of public capital in creating development impact, build nascent markets as well as mobilising private sector finance. UKIDCF aims to support the growth of under invested companies, sectors and geographies by providing patient risk capital. It aims to strengthen the environmental, social and governance standards of the private sector ecosystem through its investments.</p> <p>UKIDCF investments are not expected to distort market but expected to create investment opportunities by de-risking the companies, sectors and geographies to crowd in additional private investment for a larger impact on India's development.</p> <p>The returns from the investments are designed to be re-deployed at the vehicle to meet its operating expenses and for future investments.</p>	1

8. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that the development objectives are pursued in effect? If so, please describe the main features of such mechanism(s).

	Score
Yes, all the safeguards & mechanisms are built in the contractual documents. These include framework of development indicators to be tracked and reported, framework to assess ESG performance, template of development scorecard and governance committees to assess the impact before investments are made, and reporting requirements. There are specific indicators at each investment level where performance against development objectives are tracked in Annual reviews and quarterly reports. In addition, mechanisms such as regular site visits, independent evaluations and periodic monitoring are also enabled.	1

9. For assessment, is the PSI vehicle accountable for its development strategy to the government? If so, please describe how and to which government entities.

	Score
UKIDCF is accountable to the UK government's Foreign, Commonwealth and Development Office. UKIDCF has been established to support achievement of UK's development objective in India under the UK India 2030 Roadmap. Any progress on development objective is tracked through Annual reviews and progress reports. UK has the necessary oversight to ensure the development objectives are met.	1

10. For information, please describe the shareholding structure of the PSI vehicle, including capital shares per shareholders. If applicable, what is the rationale for diversified shareholding of the PSI vehicle.

<p>There are 2 shareholders in UKIDCF – 1) The UK Government is a primary supermajority shareholder with 97.76% of the shareholding, and 2) the State Bank of India Group, as the Investment Manager for UKIDCF, owns the remaining minority share of 2.24%.</p> <p>The diversified shareholding was required under the fund regulations provided by the Indian Capital Markets Regulator, Securities Exchange Board of India. The vehicle was set up after consultations with the Indian Regulator and Ministry of Finance, Government of India.</p> <p>The Shareholding of UKIDCF as on January 10, 2024:</p> <ul style="list-style-type: none"> FCDO (UK Government) with 51.29714 units at a face value of INR 10,000,000 i.e. 97.76% SBICAP Ventures Limited (subsidiary of SBI) with 1.16388 units at a face value of INR 10,000,000 each i.e. 2.24%
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11. For information, does the PSI vehicle extend dividends? If so, please explain how these dividends are used by the donor shareholder.

No dividends have been distributed yet. The returns on investments are expected to be redeployed at the vehicle.
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C. Development focus, impact and due diligence

12. For assessment, does the investment strategy of the PSI vehicle promote the economic development and welfare of developing countries as the main objective at the level of individual activities? If so, please explain how.

	Score
<p>The investment strategy of UKIDCF is set out in the Fund documents filed with the Indian Regulator. It will invest in areas that promote economic development, help reduce poverty and contribute towards achievement of India's SDGs. UKIDCF focuses on investments which lead to:</p> <ul style="list-style-type: none"> ▪ Increased flow of capital to relatively under-funded job-creating sectors and enterprises ▪ Increased jobs (including green jobs), improved access to goods & services that benefit the bottom of the pyramid as beneficiaries ▪ Mobilisation of additional finance (including green finance), both at Portfolio & investee level ▪ Making enterprises viable & climate resilient; lowering production & transaction costs; protecting & rehabilitating the environment ▪ Positive impact on climate, sustainability, gender & inclusion ▪ Improved market access for Portfolio entities ▪ Strengthened ESG capability of Portfolio entities ▪ Policy inputs to government stakeholders/ regulators; ▪ Strengthened local ecosystem and more partnerships 	1

13. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure that individual investments are aligned with the specific needs of individual recipient countries? If so, please describe the main features of such mechanism(s).

	Score
<p>The mandate of the vehicle is aligned with the mutually agreed priorities under the UK-India 2030 Roadmap. This roadmap has been agreed between the UK and Indian Government (recipient). The vehicle was launched by both the Finance Ministers as part of the Economic and Financial Dialogue. UKIDCF invests in sectors that promote sustainable economic development and contribute towards achievement of India's SDG.</p> <p>In addition, there are regular discussions (for example the annual development cooperation talks) between the UK and India to share the progress and agree future strategic themes/ areas of investments before investments are made. Other mechanisms include joint statements between Prime Ministers, Finance Ministers etc.</p>	1

14. For assessment, does the PSI vehicle maintain any mechanism(s) to actively promote the development impact of individual activities of the PSI vehicle? If so, please describe the main features of such mechanism(s).

	Score
<p>Yes, there are mechanisms that actively promote development impact of the PSI vehicle. Such mechanisms ensure transparency and are regularly reviewed. Portfolio investments have websites that promote the development impact of individual activities. UKIDCF also has its website. Development impact under each investment is tracked and reported under respective Annual Reviews and in the periodic progress reports of the investments under UKIDCF. The Annual Reviews are also available in the public domain.</p> <p>The investment strategy (which includes the sectors, types of enterprises, development impact indicators etc) are defined upfront in the legal agreements. Individual investments are required to fit the investment strategy. The process involves sourcing, screening, due diligence, passing through various governance committees and assessing through frameworks before final selection. For example, a typical development impact assessment could include indicators like potential to create positive impact on climate, poor beneficiaries (access to jobs and basic goods and services), sustainability, focus on gender and inclusion and ability to mobilise additional finance.</p> <p>A logical framework which lays down the key performance indicators is maintained and tracked periodically for each investment. UKIDCF is responsible for measurement and monitoring performance and there is provision of independent assessments and support to downstream investments e.g. on Environmental Social Governance standards.</p>	1

15. For assessment, is the development impact framework reviewed and kept up to date? If so, please explain how.

	Score
<p>Yes. UKIDCF adopts a theory of change approach which sets out the overall impact/outcomes and how various inputs aggregate to the achievement of development impact metrics. The Logical Framework (which is a framework of development impact indicators) against which impact is reported on an annual basis, and updated, through Annual Reviews. The investments are also assessed on an Environmental</p>	1

Social & Governance framework developed by UKIDCF and are required to maintain risk register which is reviewed periodically.

16. For assessment, is the development impact of individual investments assessed ex-ante? Please describe the development impact assessment process.

Yes, UKIDCF assesses development impact of each investment ex-ante. Mechanisms such as development scorecards, ESG Framework, Investment policy and strategy, Development committees etc. are established to ensure this. Further, there are periodic reviews of investments. There is also a provision for independent evaluation of development impact under UKIDCF as and when needed.

Score

1

17. For information, please explain the rationale, modalities and scope of collaboration of the PSI vehicle with companies residing in donor or third countries.

At present, UKIDCF is investing in India and may in time invest small quantum in other ODA eligible developing countries in Africa, South Asia and Indo pacific region.

There is no explicit mandate to support UK companies or companies in third countries (excluding recipient country). There is possibility of collaboration opportunities with enterprises, investors, institutions, academia and industry bodies across countries to strengthen their linkages and build markets. However, making sound investments for development remains UKIDCF's overriding objective.

18. For information, if relevant, what is the rationale behind channeling investments by the PSI vehicle through intermediaries in donor or third countries?

Not applicable

19. For information, what mechanisms are put in place to promote a de facto untied nature of the investment activities of the PSI vehicle?

The investments are expected to follow market norms and a fair and transparent process which delivers the primary objective of achievement of economic development objectives in and with India. This is enshrined in the documents. There is no explicit mandate to support UK companies hence it is un-tied. There is a possibility of strengthening UK-India linkages.

D. Additionality mechanisms

20. For assessment, does the PSI vehicle maintain any mechanism(s) to ensure its activities are additional? If so, please describe the main features of such mechanism(s). Please also describe the methods in place to assess the financial and value additionality of individual investments.

UKIDCF provides patient capital to under-invested companies, sectors & areas (which are perceived as high risk by commercial investors) to demonstrate, de-risk and mobilise additional capital for scale. This is central to UKIDCF's investment strategy which is laid down in the contractual legal documents that are also filed with the Indian Regulator for oversight and audits. The investment process assesses the additionality of each of the investment under a set of parameters.

In addition, UKIDCF adds value by mainstreaming impact metrics and Environment Social & Governance standards in the business models of the investees. It helps enhance investee's ability to deliver by unlocking market expertise, business network & also supports through diplomatic activities. In addition, there is also provision of Technical Assistance for capacity building, advisory, industry expertise, best practices etc. All these activities are to support the sustainability of investees.

UKIDCF assesses the additionality for each activity via mechanisms such as development scorecards, ESG framework assessments, Governance committees & periodic review of investees. There are also other formal mechanisms for review such as Annual Reviews for periodic assessment and Project Completion Report at the end. It is also supported by regular reporting by partners, monitoring of results/outcomes, independent evaluations, interactions with beneficiaries, feedback through industry roundtables, annual development cooperation talks with the Government of India and joint statements.

Score

1

21. For assessment, more specifically, does the additionality mechanism address potential market distortions? If so, please explain how.

Non-market distortive nature are enshrined in the incorporation documents of UKIDCF. UKIDCF investments are not expected to distort market but expected to create investment opportunities by de-risking the companies, sectors and geographies to crowd in additional private investment for a larger impact on India's development.

Each investment is assessed ex-ante for additionality at the time of selection. For example, a scoping study through external experts

Score

1

helps identify gaps in the market before determining where an intervention would be the most beneficial and play a market-making role not just prevent potential market distortions. UKIDCF offers instruments which are relevant to the private sector and the terms of engagement have due consideration to build on market best practice. UKIDCF tracks mobilisation and other development/market indicators to ensure that the impact of the PSI vehicle is additional throughout the course of the investment.

22. For assessment, does the PSI vehicle assess the commercial sustainability of its activities (and the viability of its investees)? If so, please describe the main features of such an assessment.

UKIDCF assesses the commercial sustainability for each investment (ex-ante, ongoing and at exit) via governance committees, in-depth due diligence, & periodic review of investments. It also seeks financial audited statements from the investees.

UKIDCF's strategy is to preserve capital in local currency at the portfolio level and each investment is assessed ex-ante to ensure it meets the criterion.

Score

1

23. For assessment, is the additionality framework reviewed and kept up to date? If so, please explain the main features of the review.

Yes, additionality framework is reviewed periodically at UKIDCF level. Each investment is a learning which is fed into the next investment strategy. It is also reviewed as part of the Annual Review process.

In addition, there is a provision to have independent assessment of the additionality and impact through the investments.

Score

1

24. For assessment, is the additionality of individual investments assessed ex-ante? Please describe the additionality assessment process over the investment lifetime.

Yes, Additionality is assessed ex-ante for each of the investment through due diligence, investment strategy, discussions with potential investee, field visits, governance committees, scorecards and frameworks etc. Over the life-time, additionality is assessed through annual reviews, regular monitoring of results/outcomes, independent evaluations, interactions with beneficiaries, feedback through industry roundtables, annual development cooperation talks with the Government of India and joint statements.

Score

1

25. For information, please explain the rationale, modalities and scope of collaboration by the PSI vehicle with national and other export credit agencies.

There is no explicit mandate of the vehicle to collaborate with UK's export credit agency. There is possibility of the private sector investees to reach out independently to various export credit agencies as part of their regular business operations.