

# Investor Guide

for preparation of  
investment  
projects in  
Environment, Climate  
Change and Water  
in Central Asia



Funded by the  
European Union



**WECOOP2**  
EU Central Asia enhanced regional cooperation on  
Environment, Climate Change and Water

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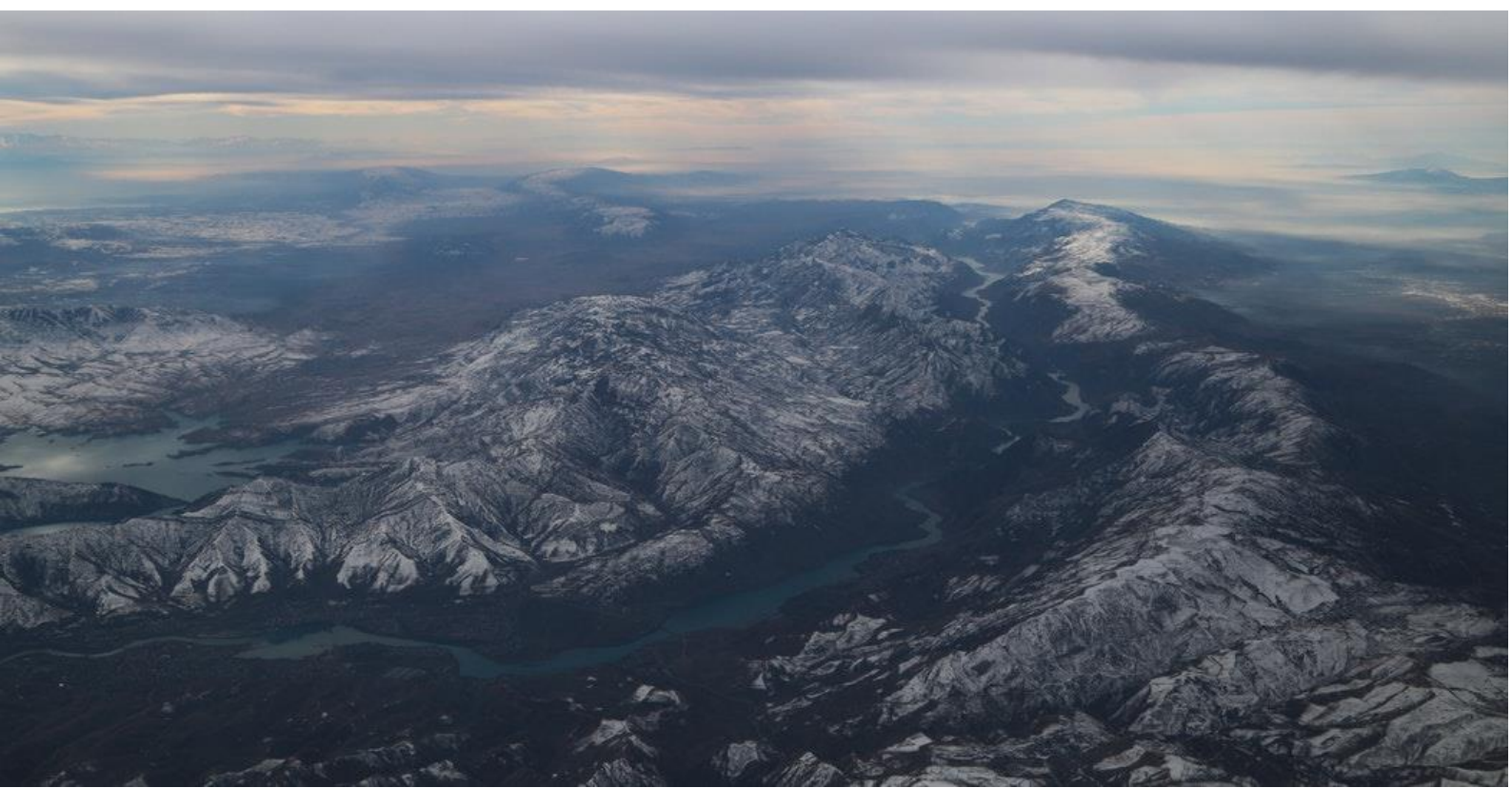
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# 1. SUMMARY

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The main purpose of this document is to provide structured guidance for Central Asian professionals on development of bankable project proposals. It provides general guidelines and best practice for preparation of project proposal as well as the information on the requirements and conditions, including project appraisal, respective project cycles and applicable environmental and social criteria, set by various relevant IFIs and donors providing funds for climate change adaptation and water and environment projects in the region of Central Asia, including:

- EU Investment Facility for Central Asia (IFCA)
- European Investment Bank (EIB)
- European Bank for Reconstruction and Development (EBRD)
- Green Climate Fund (GCF)
- World Bank (WB)
- Asian Development Bank (ADB)
- Asian Infrastructure Investment Bank (AIIB)
- German Development Bank (KfW)
- French Development Agency (AFD)



## 2. LIST OF ABBREVIATIONS

<b>ACP countries</b>	<b>African, Caribbean and Pacific Group of States</b>
<b>ADB</b>	Asian Development Bank
<b>AFD</b>	French Development Agency
<b>AIIB</b>	Asian Infrastructure Investment Bank
<b>ALA</b>	Asia and Latin America
<b>AoA</b>	According to the Articles of Agreement
<b>BMZ</b>	Das Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
<b>CA</b>	Central Asia
<b>CAEF</b>	Climate Action & Environment Facility, also Central Asian Environment Forum
<b>CBA</b>	Cost-benefit analysis
<b>CCWs</b>	Climate Change Windows
<b>CDP</b>	Cassa depositi e prestiti Group
<b>CDP/SIMEST</b>	The company of the Cassa depositi e prestiti Group
<b>CICERO</b>	Centre for International Climate and Environmental Research
<b>CITES</b>	Convention on International Trade in Endangered Species of Wild Fauna and Flora
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>CPS</b>	Country partnership strategy
<b>DCI</b>	Development Cooperation Instrument
<b>DG DEVCO</b>	Directorate-General for International Cooperation and Development
<b>DG NEAR</b>	Directorate-General for Neighbourhood and Enlargement Negotiations
<b>DMC</b>	Developing member countries
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EC</b>	European Commission
<b>EEAS</b>	European External Action Service
<b>EIA</b>	Environmental Impact Assessment
<b>EIB</b>	European Investment Bank
<b>EMSP</b>	Environmental and Social Management Plan
<b>ESDD</b>	Environmental and Social Due Diligence
<b>ESG</b>	Environmental and Social Governance
<b>ESIA</b>	Environmental, climate and social impact assessment
<b>ESMPF</b>	Environmental and Social Management Planning Framework
<b>ESMS</b>	Environmental and Social Management System
<b>ESS</b>	Environmental and Social Standards
<b>ESW</b>	Economic and Sector Work
<b>EU</b>	European Union
<b>EUR</b>	Euro
<b>FSC</b>	Forest Stewardship Council
<b>GCF</b>	Green Climate Fund

<b>GDP</b>	Gross Domestic Product
<b>GHG</b>	Green House Gases
<b>GIP</b>	Good international practice
<b>HIV/AIDS</b>	Human immunodeficiency virus infection and acquired immune deficiency syndrome
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>ICT sector</b>	Information and Communication Technologies sector
<b>IDA</b>	International Development Association
<b>IFCA</b>	EU Investment Facility for Central Asia
<b>IFI</b>	International Financial Institution
<b>ILO</b>	International Labour Organisation
<b>IMF</b>	International monetary fund
<b>KfW</b>	German Development Bank
<b>LFA</b>	Log Frame Analysis
<b>MDG</b>	Millennium Development Goals
<b>NDA</b>	National Designated Authorities
<b>NEAP</b>	National Environmental Action Plan
<b>NGO</b>	Non-governmental organisation
<b>NSG</b>	Non-sovereign guaranteed
<b>OED</b>	Operations Evaluation Department
<b>OHS</b>	Occupational Health and Safety
<b>OpsCom</b>	Operations Committee
<b>PCR</b>	Project Completion Report
<b>PPP</b>	Public-Private Partnerships
<b>PR</b>	Performance requirements
<b>PRI</b>	Principles for Responsible Investment
<b>PSF</b>	Private Sector Facility
<b>RAS</b>	Reimbursable Advisory Services
<b>RBL</b>	Results-based lending
<b>RCI</b>	Regional Cooperation and Integration
<b>SDG</b>	Sustainable Development Goals
<b>SMEs</b>	small and medium enterprises
<b>SPS</b>	Safeguard Policy Statement
<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
<b>TA</b>	Technical Assistance
<b>TFP</b>	Trade Finance Program
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>WB</b>	World Bank
<b>WECOOP 2</b>	Regional Coordination and Support for the EU-CA Enhanced Regional Cooperation on Environment, Climate Change and Water



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## 4. Introduction

### A. Context

Decision to develop Investor Guide for preparation of regional investment projects in Environment, Climate Change and Water in Central Asia was taken at the 6<sup>th</sup> Meeting of the Working Group on Environment and Climate Change, established to support the EU – Central Asia Platform for Environment and Water Cooperation, which took place in July 2017 in Nur-Sultan, in the Italian Pavilion inside the Expo 2017 “Future Energy”. The Meeting identified the following key capacity building and training needs to help filling in knowledge gaps to catalyse investments through improved understanding and professional skills:

- IFI guidelines and procedures;
- Key factors and diagnostic tools in the identification and design of investment projects;
- IFI project cycle and project preparation and appraisal.

Considering the above, the Meeting discussed the concept of an Investor Guide proposed by WECOOP2 (Regional Coordination and Support for the EU-CA Enhanced Regional Cooperation on Environment, Climate Change and Water) project team to help CA countries facilitate projects preparation for international IFIs financing and agreed on the timeframe for finalisation of the Draft Investor Guide document.

### B. Purpose and structure of the Guide

The main purpose of this document is to provide structured guidance for Central Asian professionals on development of bankable project proposals. It provides general guidelines and best practice for preparation of project proposal as well as the information on the requirements and conditions, including project appraisal, respective project cycles and applicable environmental and social criteria, set by various relevant IFIs and donors providing funds for climate change adaptation and water and environment projects in the region of Central Asia.

The next subsection of this document provides definitions of the most relevant terms and concepts used in this Guide. A short overview of the general project development principles is presented further with more detailed information in [Annex 1](#). The rest of the Guide contains brief structured information on different IFIs and donors providing funds in the region, covering institution’s background, geographical scope, implementation criteria and priority sectors, type of support provided and project cycle.

### C. How to read this Guide

This Guide is logically structured which allows users to easily navigate throughout the document:

- To find out about the types of financial support provided by different IFIs in the CA region, their fields of interest and specific conditions for project application, please go to Chapter “[Investment facilities and vehicles](#)” and the relevant IFIs' subsections:
  - [EU Investment Facility for Central Asia \(IFCA\)](#)

- [European Investment Bank \(EIB\)](#)
  - [European Bank for Reconstruction and Development \(EBRD\)](#)
  - [Green Climate Fund \(GCF\)](#)
  - [World Bank \(WB\)](#)
  - [Asian Development Bank \(ADB\)](#)
  - [Asian Infrastructure Investment Bank \(AIIB\)](#)
  - [German Development Bank \(KfW\)](#)
  - [French Development Agency \(AFD\)](#)
- To find out about good practice in development of project descriptions and project proposals, necessary for development of successful project ideas, please go to [Annex 1 “Project Development – General Guidance”](#)
  - To find out about real project examples, please go to Annex 13 “Case studies”
  - To find contact details of IFIs, please go to [Annex 14 “Contact details of IFIs’ offices including Central Asian countries”](#)

## D. Definitions

This subsection presents the definitions of the key concepts used in this guidance document.

**International Financial Institutions or IFIs** are institutions that provide financial and technical support for economic and social development activities in developing countries promoting international economic cooperation and sustainable development.<sup>1</sup> Each IFI is an independent organisation with its own legal and management system, but since a large number of countries have membership in several IFIs, cooperation between them is well established.

In principle, IFIs provide temporary financial assistance to countries facilitating sustainable development in line with the specific objectives set by the IFI. The financial support can be provided via long-term loans based on the market interest rates, very-long term loans at interest rates below market rates and grants providing technical assistance, advisory services or project preparation. IFIs can also provide a mix of loans and grants, equity or guarantees. Such funding is usually tied to specific projects that focus on economic and socially sustainable development. IFIs also provide technical and advisory assistance to their borrowers and conduct extensive research on development issues. In addition to these public procurement opportunities, in which multilateral financing is delivered to a national government for the implementation of a project or program, IFIs are increasingly lending directly to non-sovereign guaranteed (NSG) actors. These include sub-national government entities, as well as the private sector.

All IFIs use country strategy documents, as these are fundamental to establishing an IFI’s lending priorities for a particular country. Based on the country’s own vision for its long-term development and written by the IFI, these documents lay out the IFI’s support program for the respective nation.

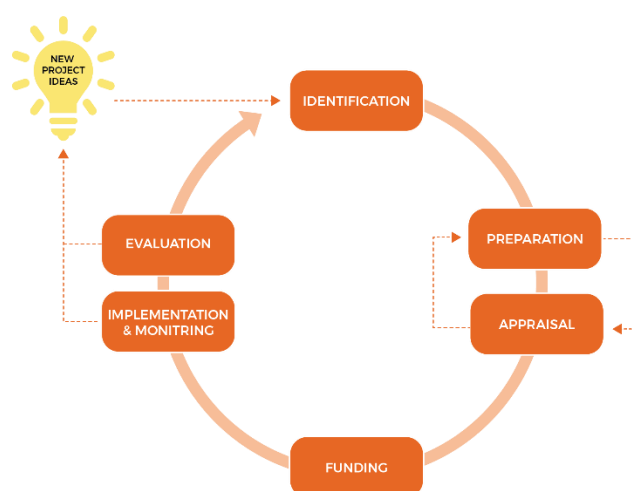
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<sup>1</sup> Bhargava, Vinay. 2006. Global Issues for Global Citizens : An Introduction to Key Development Challenges. Washington, DC: World Bank.  
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**Project cycle** is a useful way to understand the various stages that any project will probably go through. The same approach will apply when you are dealing with a simple project idea within your own organisation or a complex project supported by a number of external funders.<sup>2</sup>

Different funding agencies use different terms, but the principles behind the process are similar (see *Figure 1 General stages of the project cycle*). An in-depth presentation of generic stages included in the Project cycle, particularly, project preparation stages are included in [Annex 1](#). Detailed description of the project cycle characteristic for IFIs operating in Central Asia will be presented in the relevant subsections of Section 2.

FIGURE 1 GENERAL STAGES OF THE PROJECT CYCLE



**Blending** is the strategic use of a limited amount of grants to mobilise financing from partner financial institutions and the private sector to enhance the development impact of investment projects.<sup>3</sup> Blending mechanisms allow for combining loans from public or private financial institutions with EU grants, providing donor organisations with the opportunity of attracting additional funds by mobilising loans from financial institutions and providing them greater impact on the formulation of policies and/or on the way projects are set up and managed. Furthermore, blending loans and grants can promote cooperation between stakeholders in development aid and can enhance the visibility of aid.<sup>4</sup>

Beyond the specific development objectives defined for each operation, the use of blending reflects the following specific goals:<sup>5</sup>

- financial leverage: mobilise public and private resources for enhanced development impact and do more with less;
- non-financial leverage: improve project sustainability, development impact, quality,

<sup>2</sup> Environmental Project Development Manual (1997) Environmental Know-how Fund, Phare.

<sup>3</sup> European Commission Fact Sheet (2016) State of the Union 2016: European External Investment Plan: Questions and Answers. Available from: [http://europa.eu/rapid/press-release\\_MEMO-16-3006\\_en.htm](http://europa.eu/rapid/press-release_MEMO-16-3006_en.htm)

<sup>4</sup> European Court of Auditors (2014) Special Report: The effectiveness of blending regional investment facility grants with financial institution loans to support EU external policies

<sup>5</sup> European Commission, Directorate-General for International Cooperation and Development (November 2015), Guidelines to EU blending operations (ISSN 1977-8309). Available from:

[https://www.google.lv/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKewjP0fbFztLYAhWHhKYKHct9D6YQFggoMAA&url=https%3A%2F%2Feuropa.eu%2Fcapacity4dev%2Ffile%2F29926%2Fdownload%3Ftoken%3DA\\_BGHkcb&usg=AOvVaw2stwTbLgwxnMIWBh-17I9Y](https://www.google.lv/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKewjP0fbFztLYAhWHhKYKHct9D6YQFggoMAA&url=https%3A%2F%2Feuropa.eu%2Fcapacity4dev%2Ffile%2F29926%2Fdownload%3Ftoken%3DA_BGHkcb&usg=AOvVaw2stwTbLgwxnMIWBh-17I9Y)

- innovation and enable a faster project start;
- policy leverage: support reforms in line with EU and partner country policies;
- aid effectiveness: improve cooperation between European and non-European aid actors (i.e. donors and financial institutions);
- visibility: provide more visibility for EU development funding.

Blending operations may constitute an opportunity to engage in a dialogue between EU and CA governments on specific sector policies – also on the regional level.

More detailed information on blending can be found in Section 2 of this Guide and [Annex 2](#).

## 5. INVESTMENT FACILITIES AND VEHICLES

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The current section provides concise description of the key investment facilities and vehicles available to countries of Central Asia. More detailed information about these facilities is provided in [Annexes 2-13](#).

### A. The EU Investment Facility for Central Asia (IFCA)

This Section is based on the information provided by the European Commission on Investment Facility for Central Asia (IFCA) dedicated webpage.<sup>6</sup> More information on IFCA activities and operating principles is provided in [Annex 2-4](#).

#### BACKGROUND

IFCA, set up in 2010 as part of the Development Cooperation Instrument (DCI), is one of the instruments to support the EU Strategy for Central Asia.

Through IFCA, the European Union backs the priorities of partner governments in the Central Asian region and supports them in undertaking priority investments contributing to inclusive and sustainable growth. The Facility aims at leveraging funds with eligible Financing Institutions for such investment projects.

The Facility intervenes in cases where the regular market fails to offer sufficient or affordable financing which may hinder the timely realisation of high priority investment projects with the potential to promote inclusive and sustainable socio-economic development.

Taking this into consideration, IFCA can work as a major partner for project environmental development in CA region as it helps beneficiaries by technically supporting their project development ideas as well as assisting in bringing together different potential donors and investors, which in turn helps to increase chances for successful realisation of a project idea. This can be achieved through blending. Blending as key IFCA support mechanism has been defined in [Subsection “Definitions”](#) as well as described in much detail in [Annex 2 “IFCA Blending process”](#).

#### GEOGRAPHICAL SCOPE

The following partner countries are eligible for support from IFCA: Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. The Facility can also finance regional projects covering two or more of the above countries.

#### IMPLEMENTATION AND PRIORITY FIELDS

In line with the objectives of the 2014-2020 Regional Indicative Programme for Central Asia, IFCA's main objective is to contribute to sustainable regional development and economic growth.

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<sup>6</sup> European Commission. Available at: [https://ec.europa.eu/europeaid/regions/central-asia/investment-facility-central-asia-ifca\\_en](https://ec.europa.eu/europeaid/regions/central-asia/investment-facility-central-asia-ifca_en)

Consequently, IFCA finances projects with the following aims:

- Better energy infrastructure
- Increasing protection of the environment and better focus and control of climate change impacts
- Creation and growth of SMEs and improvement of the employment situations
- Improving social services and infrastructure, including health and education

In addition, IFCA may support the implementation of bilateral Indicative Programmes in the region.

## FUNDING TYPE

IFCA provides its support through:

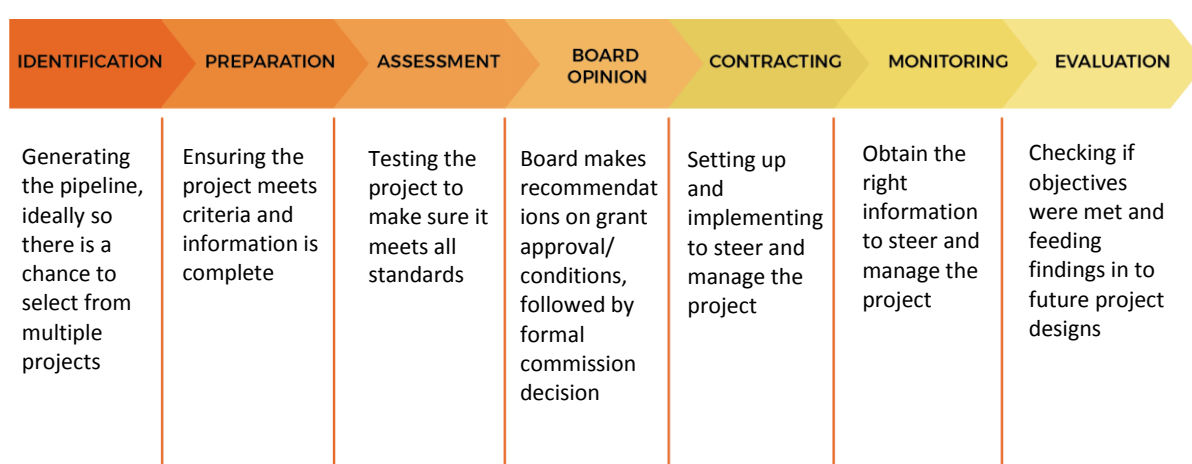
- Investment grants
- Technical assistance
- Risk capital and other risk sharing instruments

IFCA sets up partnerships, using grant resources from the EU to leverage and pool financing from multilateral and bilateral European Finance Institutions (such as [AFD](#), CDP/SIMEST, [EBRD](#), [EIB](#) or [KfW](#)), Regional Development Banks (such as [ADB](#)) as well as the [WB](#), partner countries and beneficiary institutions in Central Asia.

## PROJECT CYCLE

The EU blending project cycle comprises seven stages with responsibilities shared by key stakeholders. The main stakeholders in blending are EU Delegations, DG DEVCO and DG NEAR (Headquarters), financial institutions, partner countries and regional organisations (see **Figure 2** on cycle stages).

Figure 2 Project cycle stages in blending operations





IDENTIFICATION	PREPARATION
Projects are identified by the financial institutions and EU Delegations with the partner countries and, where relevant, regional organisations. The EU Delegations ensure the coherence of projects with EU policy objectives and sector priorities. Generation of a “pipeline”.	The lead financial institution is in charge of submitting project proposals and trilateral consultations are held with EU DGs and financial institutions to secure matching criteria.
ASSESSMENT	BOARD OPINION
Relevant EU services will assess (i) the alignment to EU policy objectives, (ii) justification of need and added value, (iii) project’s social, environmental and climate change aspects, (iv) financial structure, while analysing political barriers & similar actions.	Opinions on EU grant requests are taken by consensus at meetings of the relevant Blending Framework Board (voting: Commission, the EEAS and the EU Member States); then the Commission takes their decision.
CONTRACTING	MONITORING
The Commission decision to proceed with a project is followed by formal contracting, including signature of a delegation agreement with the lead financial institution.	The lead financial institution is responsible for project implementation (tendering & procurement), monitoring and (financial & operational) reporting, based on indicators.
EVALUATION	
Responsibility for the evaluation of blended operations is delegated to the lead financial institution.	

## B. The European Investment Bank (EIB)

This Section is based on the information provided by European Investment Bank on their webpage.<sup>7</sup> More information on EIB activities and operating principles is included in [Annex 5](#).

### BACKGROUND

The European Investment Bank (EIB) is a non-profit long-term lending banking institution established in 1958 under the Treaty of Rome. The EIB is a publicly owned international financial institution and its shareholders are the 28 EU member states. Thus, the member states set the bank's broad policy goals and oversee the two independent decision-making bodies – the board of governors and the board of directors.

It is the world’s largest international public lending institution.

### GEOGRAPHICAL SCOPE

Although about 90 percent of projects financed by the EIB are based in EU member countries, the bank does fund projects in about 150 other countries – non-EU South-Eastern European countries, Mediterranean partner countries, ACP countries, Asian and Latin American countries, the members of the Eastern Partnership and Russia. According to the EIB, it works in these countries to implement the financial pillar of the Union’s external cooperation and development policies by encouraging private sector development, infrastructure development, security of energy supply and environmental sustainability.

<sup>7</sup> <http://www.eib.org/about/index.htm>

In Central Asia, The EIB is currently active in 4 countries: Tajikistan, Kazakhstan, Kyrgyzstan and most recently Uzbekistan. The loans provided by the EIB come from the lending window for Asia provided under the mandate from the Council and European Parliament for the period 2014-2020, out of which EUR 182 million has been made available for use in Central Asia.<sup>8</sup>

### IMPLEMENTATION AND PRIORITY FIELDS

The lending strategy outside the EU follows the EIB's priority objectives for lending activity:

- Private sector development
- Financial sector development
- Infrastructure development
- Security of energy supply
- Environmental sustainability
- EU presence

In Central Asia within the framework of the EIB External Lending Mandate, priority is given to projects which contribute to improving energy supplies and environmental protection. Borrowing counterparts will include both public sector entities and private sector companies.

Eligible projects in the energy sector: expansion, modernisation and upgrading of infrastructure and procurement of equipment for:

1. Gas and oil networks leading to improved performance and increased safety and security of gas supplies to the EU
2. Oil and gas extraction facilities, where EIB funding will focus on equipment and infrastructure for environmental protection purposes.
3. Electricity generation plants and electricity transmission lines, providing substantial energy saving and environmental protection benefits.

Eligible projects in the environmental sector: expansion, modernisation and upgrading of infrastructure and procurement of equipment for energy saving as well as schemes leading to a significant improvement of the environment<sup>9</sup>.

### FUNDING TYPE

EIB provides 3 main funding types:

- **Lending:** The vast majority of EIB financing is through loans, but EIB also offers guarantees, microfinance, equity investment, etc.
- **Blending:** EIB support unlocks financing from other sources, particularly from the EU budget. This is blended with loans to form a full financing package.
- **Advising:** Lack of finance is often only one barrier to investment. EIB helps with administrative and project management capacity to facilitate investment.

EIB has two lending facilities available in Central Asia:

1. External Lending Mandate (political risks are guaranteed by the European Union)

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<sup>8</sup> <http://www.eib.org/projects/regions/central-asia/index.htm>

<sup>9</sup> [https://www.eib.org/en/projects/regions/central-asia/financing\\_facilities/index.htm](https://www.eib.org/en/projects/regions/central-asia/financing_facilities/index.htm)

- Countries: Kyrgyzstan and Tajikistan
- All sectors are eligible (focus on climate change projects)
- 2. Own Risk Facilities (no guarantee from the European Union)
  - Large amounts available
  - Focus on climate change projects
  - Countries: Kazakhstan and Uzbekistan

In addition, Central Asian countries are eligible under the Bank's own risk Climate Action & Environment Facility (CAEF) for investment grade projects in renewable energy, energy efficiency, carbon capture, transportation or storage projects aiming specifically to reduce greenhouse gas emissions and projects contributing substantially to security of EU energy supply.

## PROJECT CYCLE

The EIB Project cycle includes 4 main stages:<sup>10</sup>

1. Applying for a loan
2. Appraisal
3. Procurement
4. Monitoring

Figure 3. The EIB project cycle



## C. The European Bank for Reconstruction and Development (EBRD)

This Section is based on the information provided by EBRD on its webpage.<sup>11</sup> More information on EBRD activities and operating principles is provided in [Annex 6](#).

<sup>10</sup> European Investment Bank. Available at <http://www.eib.org/projects/cycle/index.htm>

<sup>11</sup> European Bank for Reconstruction and Development. Available at: <https://www.ebrd.com/home>

## BACKGROUND

The European Bank for Reconstruction and Development (EBRD) is a multilateral development investment bank and international financial institution founded in April 1991.

The EBRD is owned by 65 countries and two EU institutions. Despite its public-sector shareholders, it invests mainly in private enterprises, together with commercial partners.

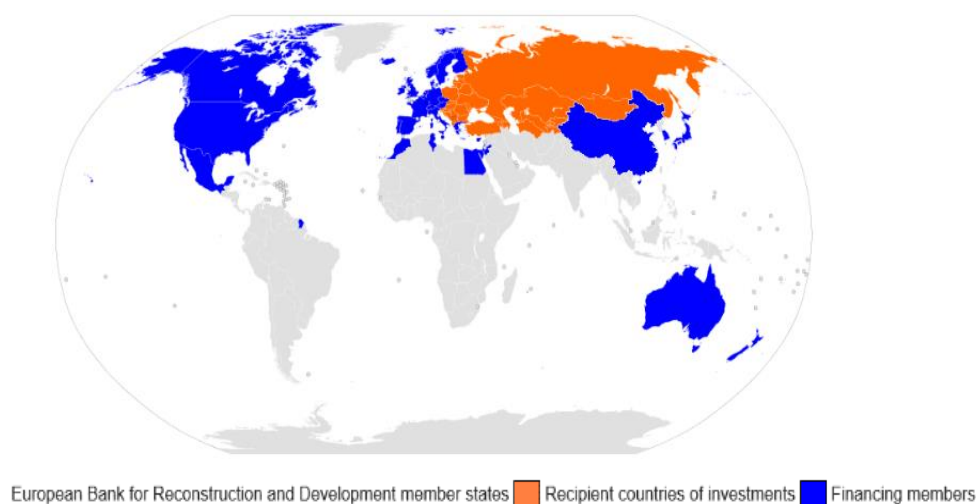
One of the key funding channels of EBRD includes the above-mentioned Investment Facility for Central Asia (IFCA) which plays a central role in supporting EBRD activities in Central Asia. It covers Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan, and is aimed at promoting investments in the energy, small and medium-sized enterprise (SME) and social sectors. Since 2010, the IFCA and EBRD have had a very strong partnership. In 2016, six agreements worth almost EUR 55 million were signed. These grants are used to support EBRD's investments across the region, mostly in the municipal infrastructure, SME and energy efficiency sectors.

## GEOGRAPHICAL SCOPE

Initially focused on the countries of the former Eastern Bloc, EBRD expanded to support development in more than 30 countries from Central Europe to Central Asia (**Figure 4**). Besides Europe, member countries of the EBRD are from five continents (North America, Africa, Asia and Australia), with the biggest shareholder being the United States.

In 2015, the EBRD invested a record amount in the Central Asian region. The total investment in 2015 rose by 75% reaching EUR 1,402 million. Kazakhstan reported the largest total volumes of investment reaching EUR 709 million in 2015.

Figure 4 EBRD members<sup>13</sup>



## IMPLEMENTATION AND PRIORITY FIELDS

The goal of EBRD is to maximise impact of projects implemented with its financial support.<sup>12</sup> In order to do so the following factors are taken into consideration during the project proposal evaluation stage as well as later at project appraisal stages:

- Innovation

<sup>12</sup> European Bank for Reconstruction and Development. Available at: <http://www.ebrd.com/work-with-us/advice-for-small-businesses/our-core-themes.html>

- Access to finance
- Regional Development
- Resource efficiency and environment
- Inclusion

In the Central Asia region, EBRD continues to support projects in various sectors (see Table 1 below). In 2017, the total investment in Central Asia was about USD 1 billion.

Kazakhstan is one of EBRD's largest countries of operation with nearly EUR 7,7 billion invested in 254 projects over the last 20 years. EBRD has several priorities in the country such as balancing the roles of the public and private sectors, strengthening the banking sector and developing local capital markets. Infrastructure is one of the most important areas. EBRD is also Kazakhstan's largest investor in sustainable energy, including renewable energy and energy-efficient technologies.

EBRD resumed operations in Uzbekistan after a seven-year pause. The current objectives in Uzbekistan are supporting enhancement of competitiveness by strengthening the role of the private sector's role in the economy, promotion of green energy and resource solutions across sectors and support increased regional and international cooperation and integration. .

During its years of operation in Kyrgyzstan, EBRD invested approximately EUR 728 million in various sectors of the Kyrgyz economy in 176 different projects, fostering sustainable growth, enabling SMEs to scale up, promoting the sustainability of public utilities, strengthening the financial sector; and supporting critical infrastructure.

In Tajikistan, a total of 127 projects were or are being implemented with a cumulative EBRD investment of EUR 662 million. EBRD recently announced it is committing new funds to address solid waste treatment issues in the country.

The cumulative EBRD investment in Turkmenistan is EUR 271 million in 70 projects, with the focus on private sector and SME development.

Table 1. EBRD focus sectors

<b>Agribusiness</b>	The EBRD is the single biggest investor in this sector in much of the region <sup>13</sup>
<b>Equity Funds</b>	The EBRD is the region's single largest investor in private equity funds
<b>Financial Institutions</b>	Financial institutions channel funds, promote savings, ease trade and establish acceptable standards
<b>Information and Communication Technologies</b>	EBRD's team supports networks, platforms and other service providers in the ICT sector.
<b>Legal Reform</b>	EBRD's programme creates investor-friendly, transparent legal environments
<b>Manufacturing and Services</b>	EBRD's work in this sector covers heavy & light industry and processing & production of goods
<b>Municipal infrastructure</b>	The EBRD seeks to improve municipal services
<b>Natural Resources</b>	The EBRD finances a range of natural resources industries

<sup>13</sup> <http://www.ebrd.com/news/2016/ebrd-investment-in-central-asia-reaches-record-14-billion-in-2015.html>,  
<http://www.ebrd.com/cs/Satellite?c=Content&cid=1395237785806&pagename=EBRD%2FContent%2FContentLayout>

<b>Nuclear Safety</b>	The EBRD assists in the safe treatment of waste and power plants
<b>Power and Energy</b>	Focus areas include transmission and distribution, safety upgrades and investing in renewables
<b>Transport</b>	The EBRD aims to build efficient, reliable and secure transport systems

Projects may be considered for EBRD assistance if they:

- are located in an economy where the EBRD works
- have good prospects of being profitable
- have significant equity contributions in cash or in kind from the project sponsor
- would benefit the local economy
- satisfy the EBRD's environmental standards as well as those of the host country

Environmental and social sustainability<sup>14</sup> is at the heart of EBRD activities, also through green economy products which amount to one third of EBRD's investment.

EBRD's **approach to sustainability** involves "**Green Economy Transition**" and additionally<sup>15</sup>

- incorporating environmental and social requirements into the appraisal and implementation of all Bank-funded projects based on EU standards and international good practice
- providing finance and technical assistance specifically aimed at addressing environmental and social issues
- promoting economic inclusion and access to community services such as water and public transport
- supporting projects that promote gender equality
- encouraging public participation through pre-investment consultation and information disclosure, and maintaining regular strategic dialogue with civil society organisations and other stakeholders

## FUNDING TYPE

The EBRD tailors solutions to client and project needs and to the specific situation of the country, region and sector. It assigns a dedicated team of specialists with expertise in project finance, the region and sector, law and environment.

EBRD financing for private sector projects generally ranges from EUR 5 million to EUR 200 million, in the form of loans or equity. The average EBRD investment is EUR 20 million. Smaller projects may be financed through financial intermediaries or through special programmes for smaller direct investments in the less advanced countries. The key three types of direct financial support provided by EBRD are:

- Loans
- Equity Investments
- Guarantees to promote trade

<sup>14</sup> <http://www.ebrd.com/who-we-are/our-values/environmental-and-social-sustainability.html>, <http://www.ebrd.com/environmental-and-social-policy.html>

<sup>15</sup> <http://www.ebrd.com/our-sustainability-approach.html>, <http://www.ebrd.com/our-sustainability-work.html>



## PROJECT CYCLE

The total lifecycle of an EBRD project, from initiation to repayment, can range from one year for working capital or trade financing projects to 15 years for long-term sovereign infrastructure projects. The EBRD project cycle is presented in

Figure 5:

Figure 5. EBRD Project cycle<sup>16</sup>

<b>CONCEPT REVIEW</b>	The EBRD's Operations Committee (OpsCom), consisting of senior management from Banking, Finance, Office of the General Counsel, Office of the Chief Economist, and Evaluation and Operational and Environmental Support approves the project concept and overall structure, including the proposed financing structure and supporting obligations. At this stage, the EBRD and the client sign a mandate letter, which outlines the project plan, development expenses and responsibilities.
<b>FINAL REVIEW</b>	Once the basic business deal (including a signed term sheet) has been negotiated and all investigations have been substantially completed, the project receives a final review by OpsCom.
<b>BOARD REVIEW</b>	The EBRD President and operations team present the project to the Board of Directors for approval.
<b>SIGNING</b>	The EBRD and the client sign the deal and it becomes legally binding.
<b>DISBURSEMENTS</b>	Once repayment conditions are agreed and the Bank's conditions met, the funds are transferred from the Bank's account to the client's account.
<b>REPAYMENT</b>	The client repays the loan amount to the EBRD under an agreed schedule.

## D. The Green Climate Fund (GCF)

This Section is based on the information provided on Green Climate Fund (GCF) webpage.<sup>17</sup>

### BACKGROUND

GCF was set up by the 194 countries who are parties to the United Nations Framework Convention on Climate Change (UNFCCC) in 2010, as part of the Convention's financial mechanism. It aims to deliver equal amounts of funding to mitigation and adaptation, while being guided by the Convention's principles and provisions. GCF is based in the new Songdo district of Incheon, South Korea.<sup>18</sup>

GCF aims to catalyse a flow of climate finance to invest in low-emission and climate-resilient development, driving a paradigm shift in the global response to climate change. It is intended that GCF be the centrepiece of efforts to raise Climate Finance under UNFCCC and raise USD 100 billion a year by 2020.

<sup>16</sup> European Bank for Reconstruction and Development. Available at: <http://www.ebrd.com/work-with-us/project-finance/funding-process.html%20>

<sup>17</sup> Green Climate Fund. Available at: <http://www.greenclimate.fund/home>

<sup>18</sup> Green Climate Fund. Available at: <http://www.greenclimate.fund/who-we-are/about-the-fund>

When the Paris Agreement was reached in 2015, GCF was given an important role in serving the agreement and supporting the goal of keeping climate change well below 2 degrees Celsius.

## GEOGRAPHICAL SCOPE

GCF provides support to projects all over the world with the majority of projects being implemented in Africa, Asia Pacific, Latin America and the Caribbean and Eastern Europe.

## IMPLEMENTATION AND PRIORITY FIELDS

GCF aims at funding equally climate change mitigation and adaptation strategies.

## FUNDING TYPE

GCF aims at engaging directly with both the public and private sectors in transformational climate-sensitive investments. GCF engages directly with the private sector through its Private Sector Facility (PSF), benefiting from the capacity to bear significant climate-related risk, allowing it to leverage and crowd in additional financing. The Fund offers a wide range of financial products including grants, concessional loans, subordinated debt, equity, and guarantees. This enables it to match project needs and adapt to specific investment contexts, including using its funding to overcome market barriers for private finance.

An important and valuable mechanism of GCF is the Readiness Programme, which is aimed at enhancing countries' ownership. This mechanism supports such activities as development of National Climate Change Adaptation Plans and/or activities aimed at enhancement of the ability of an entity to seek accreditation with the Fund, including for the fast-track accreditation process (pre-accreditation support).<sup>19</sup>

## PROJECT CYCLE

GCF somewhat differs from the general project cycle previously described. A simplified version of GCF project cycle is presented in **Error! Reference source not found.**<sup>20</sup>

An important element in the GCF project cycle is Accredited Entities – organisations that develop funding proposals to be considered by the Fund and oversee, supervise, manage and monitor their respective GCF-approved projects and programmes and meet certain GCF standards based on financial standards, environmental and social safeguards, and gender. They can be private, public, non-governmental, sub-national, national, regional or international bodies. There are two types of GCF Accredited Entities:

- Direct Access Entities are sub-national, national or regional organizations that need to be nominated by developing country National Designated Authorities (NDAs) or focal points;
- International Access Entities can include United Nations agencies, multilateral development banks, international financial institutions and regional institutions. GCF considers these

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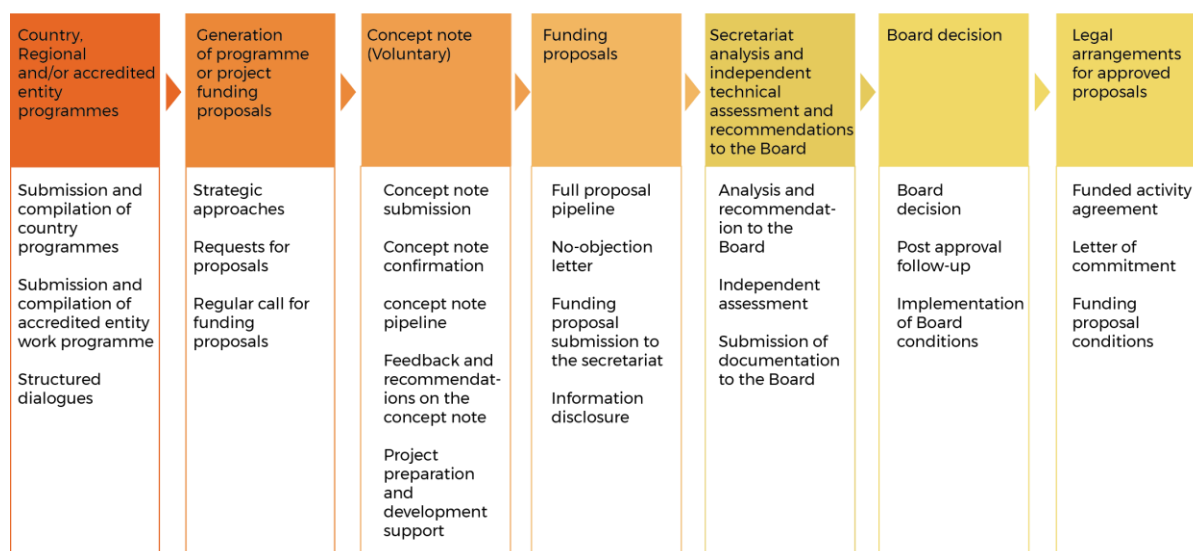
<sup>19</sup> <http://www.greenclimate.fund/gcf101/empowering-countries/readiness-support>

<sup>20</sup> For detailed GCF project cycle go to:

[http://www.greenclimate.fund/documents/20182/239759/Proposal Approval Process Updated .pdf/53357eae-1a4d-48da-99c5-e11c5ef7761c](http://www.greenclimate.fund/documents/20182/239759/Proposal+Approval+Process+Updated+.pdf/53357eae-1a4d-48da-99c5-e11c5ef7761c)

organizations to have the wide reach and expertise to handle a variety of climate change issues, including ones that cross borders and thematic areas.<sup>21</sup>

Figure 6. GCF Project Cycle



## E. The World Bank (WB)

This Section is based on the information provided on the World Bank's webpage.<sup>22</sup> More information on the World Bank's activities and operating principles is provided in [Annexes 8-9](#).

### BACKGROUND

The World Bank (WB) was founded in 1944 as an international financial institution that provides loans to countries of the world for capital programs. It comprises two institutions: the International Bank for Reconstruction and Development (IBRD), and the International Development Association (IDA). The WB is a part of the World Bank Group. It provides low-interest loans, zero to low-interest credits, and grants to developing countries. These support a wide array of investments in such areas as education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management. Some of its projects are co-financed with governments, other multilateral institutions, commercial banks, export credit agencies, and private sector investors.

The WB's stated official goal is the reduction of poverty and promoting shared prosperity. According to Article I of its Articles of Agreement, its purposes are (i) to encourage the development of productive facilities and resources in less developed countries, (ii) to promote foreign investment or provide own capital and (iii) to promote the long-range balanced growth of international trade.

### GEOGRAPHICAL SCOPE

The WB Group works in more than 170 countries, cooperating with partners in the public and private sectors.

<sup>21</sup> For list of International Access Entities go to: <http://www.greenclimate.fund/how-we-work/tools/entity-directory>

<sup>22</sup> World Bank. Available at: <http://www.worldbank.org/en/about/what-we-do>

## IMPLEMENTATION AND PRIORITY FIELDS

Priority fields covered by the WB financed projects are strongly related to the Sustainable Development Goals (SDGs), which is a collection of 17 global goals set by the United Nations. The broad goals are interrelated, though each has its own targets to achieve. The total number of targets is 169. The SDGs cover a broad range of social and economic development issues. These include poverty, hunger, health, education, climate change, gender, equality, water, sanitation, energy, environment and social justice. The SDGs are also known as "Transforming our World: the 2030 Agenda for Sustainable Development" or Agenda 2030 in short.

The WB produced the **2016-2020 Climate Change Action Plan**,<sup>23</sup> including the following priorities:

- Priority I: Support Transformational Policies and Institutions
- Priority II: Leverage Resources
- Priority III: Scale Up Climate Action
- Priority IV: Align Internal Processes and Work with Others

## FUNDING TYPE

WB provides a variety of financial instruments and services.<sup>24</sup> These are summarised in the Box below.

### WORLD BANK FINANCIAL INSTRUMENTS

- Investment Project Financing provides IBRD loan, IDA credit/grant and guarantee financing to governments for activities that create the physical/social infrastructure necessary to reduce poverty and create sustainable development.
- Development Policy Financing provides IBRD loan, IDA credit/grant and guarantee budget support to governments or a political subdivision for a program of policy and institutional actions to help achieve sustainable, shared growth and poverty reduction.
- Program-for-Results links disbursement of funds directly to the delivery of defined results, helping countries improve the design and implementation of their own development programs and achieve lasting results by strengthening institutions and building capacity.
- Trust funds and grants allow scaling up of activities, notably in fragile and crisis-affected situations; enable the Bank Group to provide support when its ability to lend is limited; provide immediate assistance in response to natural disasters and other emergencies; and pilot innovations that are later mainstreamed into the Bank's operations.
- Private sector options for financing, direct investment and guarantees are provided by MIGA and IFC.
- Customized options and risk management

### WORLD BANK SERVICES

- Technical Assistance (TA)
- Reimbursable Advisory Services (RAS)
- Economic and Sector Work (ESW)
- Business advice

<sup>23</sup> <https://openknowledge.worldbank.org/handle/10986/24451>

<sup>24</sup> World Bank. Available at: <http://www.worldbank.org/en/projects-operations/products-and-services#2>

- Donor aid coordination

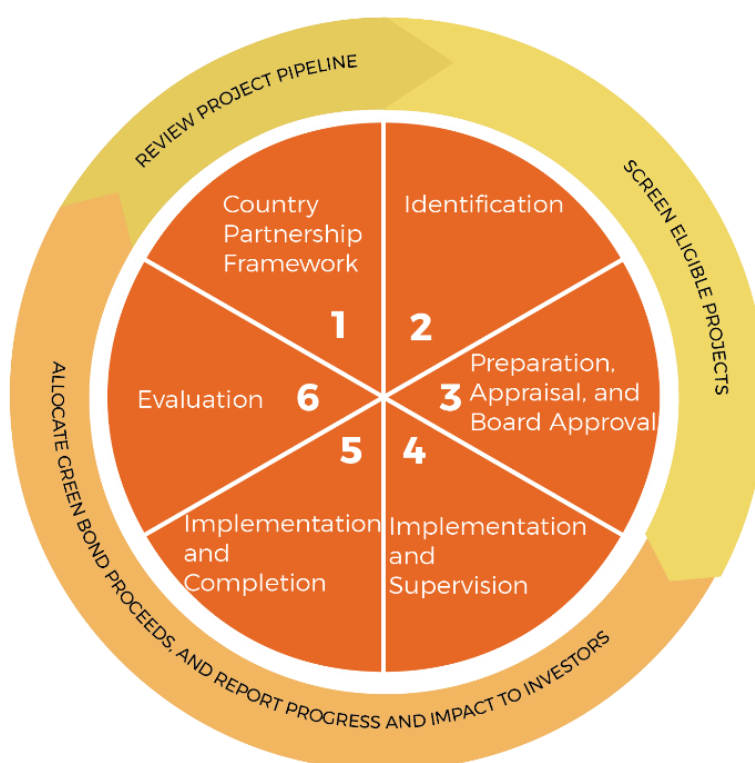
## PROJECT CYCLE

The WB's Green Project Cycle contains the following major stages:<sup>25</sup>

- **Identification:** The task of identifying and proposing projects for World Bank financing lies mainly with borrowing governments. In this first phase, planners answer questions such as: Who will benefit from the project? Will project benefits be greater than the costs? Are there other options for achieving the same objective? A project must also pass a priorities test.
- **Preparation:** Though the Bank will often help, the borrowing country is responsible for examining the technical, economic, social, and environmental aspects of the project. It defines and analyses the available options, the feasibility of each, and their costs and benefits.
- **Appraisal:** The WB's own independent assessment of the project. About 150 on-site appraisal missions, lasting three to four weeks, take place each year, performed by Bank staff and consultants on technical, institutional, economic and financial questions.
- **Negotiation and Board Presentation:** The Bank appraisal report summarizing its recommendations for a loan's conditions forms the basis for negotiations with the borrower. The negotiations bring the WB's staff and the borrower together to agree on the measures necessary for a successful project. Presentation is made to the WB Board of Directors.
- **Implementation and Supervision:** About ten WB staff-weeks a year are spent supervising each project, including visits to the project site to identify problems and help find solutions.
- **Evaluation:** An independent department within the WB, the Operations Evaluation Department (OED), is responsible for assessing the results of projects impartially.

<sup>25</sup> World Bank. Available at: <http://pubdocs.worldbank.org/en/217301525116707964/Green-Bond-Implementation-Guidelines.pdf>

Figure 6. The World Bank Project Cycle<sup>26</sup>



## F. The Asian Development Bank (ADB)

This Section is based on the information provided on the Asian Development Bank (ADB) webpage.<sup>27</sup> More information on ADB's activities and operating principles is provided in [Annex 10-11](#).

### BACKGROUND

ADB is a financial institution and regional development bank established on 19 December 1966, which is headquartered in the Ortigas Centre located in Mandaluyong, Metro Manila, Philippines. The company also maintains 31 field offices around the world to promote social and economic development in Asia and the Pacific.

ADB's clients are ADB's member governments, who are also ADB's shareholders. In addition, ADB provides direct assistance to private enterprises of developing member countries through equity investments and loans. ADB's assistance includes policy dialogues and advisory services. ADB is composed of 67 members. The ADB was modelled closely on the World Bank, and has a similar weighted voting system where votes are distributed in proportion with members' capital subscriptions. ADB is an official United Nations Observer. The three largest countries and regions by subscribed capital and voting power as per 2014 are Japan, the USA and the EU; the next three are China, India and Australia. All five Central Asia countries are ADB members.

<sup>26</sup> World Bank. Available at: <http://pubdocs.worldbank.org/en/217301525116707964/Green-Bond-Implementation-Guidelines.pdf>

<sup>27</sup> Asian Development Bank. Available from: <https://www.adb.org/about/main>



## GEOGRAPHICAL SCOPE

ADB assists its members and partners by providing loans, technical assistance, grants and equity investments to promote social and economic development. ADB is composed of 68 members, 49 of which are from the Asia and Pacific region. The bank has offices in all 5 CA countries.

## IMPLEMENTATION AND PRIORITY FIELDS

Focus Areas of ADB include:

- Infrastructure, including energy, transport and communications, water supply and sanitation, and urban development.
- Environment, Climate Change, and Disaster Risk Management – Environmental sustainability is seen as a prerequisite for economic growth and poverty reduction in Asia and the Pacific according to ADB's long-term strategic framework for 2008-2020.
- Education.
- Regional Cooperation and Integration (RCI) is a process by which national economies become more interconnected regionally, accelerate economic growth, reduce poverty and economic disparity, raising productivity and employment, and strengthening institutions in Asia.
- Finance Sector Development – The financial system is the lifeline of a country's economy.
- Private Sector Lending.

## FUNDING TYPE

ADB offers a range of financial products that help developing member countries (DMCs) build economic growth and social development. These include (see the table below for more details):

- Public Sector (Sovereign) Financing
- Private Sector (Non-sovereign) Financing
- Co-financing Partnerships
- Results-Based Lending for Programs
- Trade Finance Program
- Funds and Resources
- Asian Development Fund
- ASEAN Infrastructure Fund
- Investor Relations

For instance, for public sector the bank offers loans, technical assistance, and grants.<sup>28</sup> The main ADB financial mechanisms are presented in the Box below.

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<sup>28</sup> Asian Development Bank. Available at: <https://www.adb.org/site/public-sector-financing/main>

<p><b>Public Sector (Sovereign) Financing<sup>29</sup></b></p> <p>Public sector (sovereign) financing is extended to DMC governments and public sector entities, such as state-owned enterprises. Sovereign lending or financing secured by a government guarantee forms the greater part of ADB's development assistance.</p> <p>Operations are financed from ordinary capital resources and a range of special funds, including the Asian Development Fund, which is the largest. In addition, ADB also mobilizes financial resources through co-financing.</p>	<p><b>Private Sector (Non-sovereign) Financing<sup>30</sup></b></p> <p>As a catalyst for private investments, ADB provides direct financial assistance to private sector projects. While ADB's participation is usually limited, it leverages a large amount of funds from commercial sources to finance these projects.</p> <p>Projects must also have clear development impacts and/or demonstration effects that go beyond the benefits captured in the financial rate of return.</p>
<p><b>Co-financing Partnerships<sup>31</sup></b></p> <p>Strategic partnerships with other development organizations facilitate a wider flow of financial resources and knowledge to help improve development effectiveness throughout the region.</p>	<p><b>Results-Based Lending (RBL) for Programs<sup>32</sup></b></p> <p>Results-based lending (RBL) is a performance-based form of financing, where disbursements are linked to the achievement of results rather than to upfront expenditures, as is the case with traditional investment lending.</p>
<p><b>Trade Finance Program (TFP)<sup>33</sup></b></p> <p>Trade Finance Program (TFP) fills market gaps for trade finance by providing guarantees and loans to banks to support trade.</p>	

## PROJECT CYCLE

ADB provides financing for projects that will effectively contribute to the economic and social development of the country concerned and have the strongest poverty reduction impact in conformity with the country and ADB strategies. ADB's project cycle is shown in **Figure 7** with the main stages briefly described below.

- 1. Country Partnership Strategy:** ADB works with each developing member country to define a medium-term development strategy and operational program called a country partnership strategy (CPS). The CPS is aligned with the country's development plan and poverty reduction goals, and its preparation with the DMC's development planning cycle.
- 2. Project Identification/Preparation:** ADB often provides grants called project/program preparatory technical assistance to help the government identify and prepare feasible projects (possibly including initial poverty & social analysis and a technical assistance report). During project examination, ADB examines project feasibility through a fact-finding mission.
- 3. Approval:** (a) **Loan Negotiation:** drafts of loan agreement and project proposal submitted; (b) **Board Approval:** ADB's Board of Directors approves by the Report and Recommendation of the President; (c) **Loan Signing:** the cabinet of the borrowing country's Government and ADB's President sign; (d) **Loan Effectiveness:** The loan takes effect once certain conditions

<sup>29</sup> <https://www.adb.org/site/public-sector-financing/main>

<sup>30</sup> <https://www.adb.org/site/private-sector-financing/overview>

<sup>31</sup> <https://www.adb.org/site/cofinancing/what-is-cofinancing>

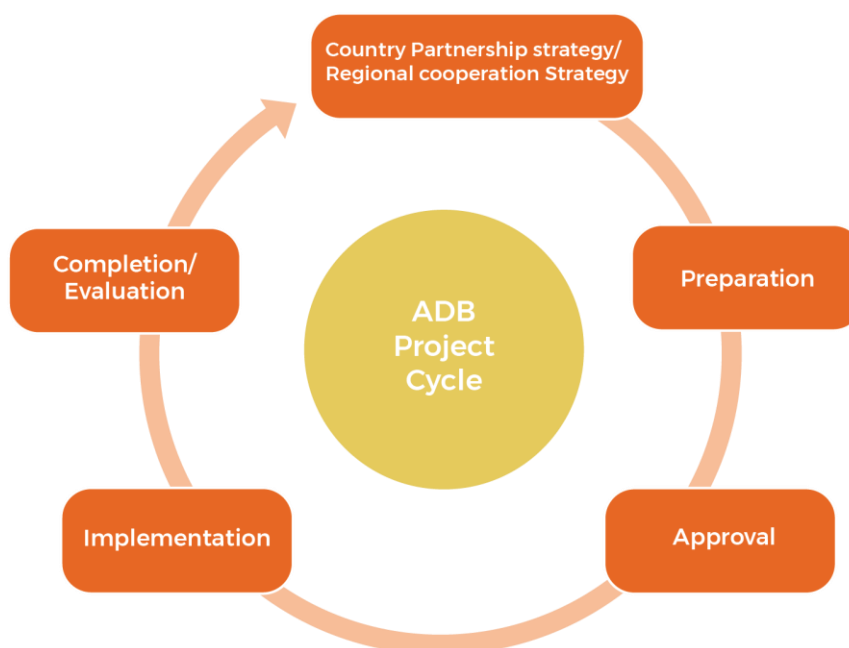
<sup>32</sup> <https://www.adb.org/site/public-sector-financing/results-based-lending-programs>

<sup>33</sup> <https://www.adb.org/site/trade-finance-program>

are met (legal requirements, cross-effectiveness of co-financing, and subsidiary agreements).

4. **Implementation:** The executing agency implements (typically from two to five years), and project consultants are recruited as needed to assist the Government.
5. **Completion and Evaluation:** After the project facilities and technical assistance activities are completed, ADB prepares a project completion report to document the experience.

Figure 7. The ADB Project Cycle<sup>34</sup>



## G. The Asian Infrastructure Investment Bank (AIIB)

This Section is based on the information provided on the Asian Infrastructure Investment Bank (AIIB) webpage.<sup>35</sup> More information on AIIB activities and operating principles is provided in [Annex 12](#).

### BACKGROUND

AIIB is a new multilateral financial institution founded to bring countries together to address the daunting infrastructure needs across Asia. It commenced operations in January 2016 and has now grown to 84 approved members from around the world.

### GEOGRAPHICAL SCOPE

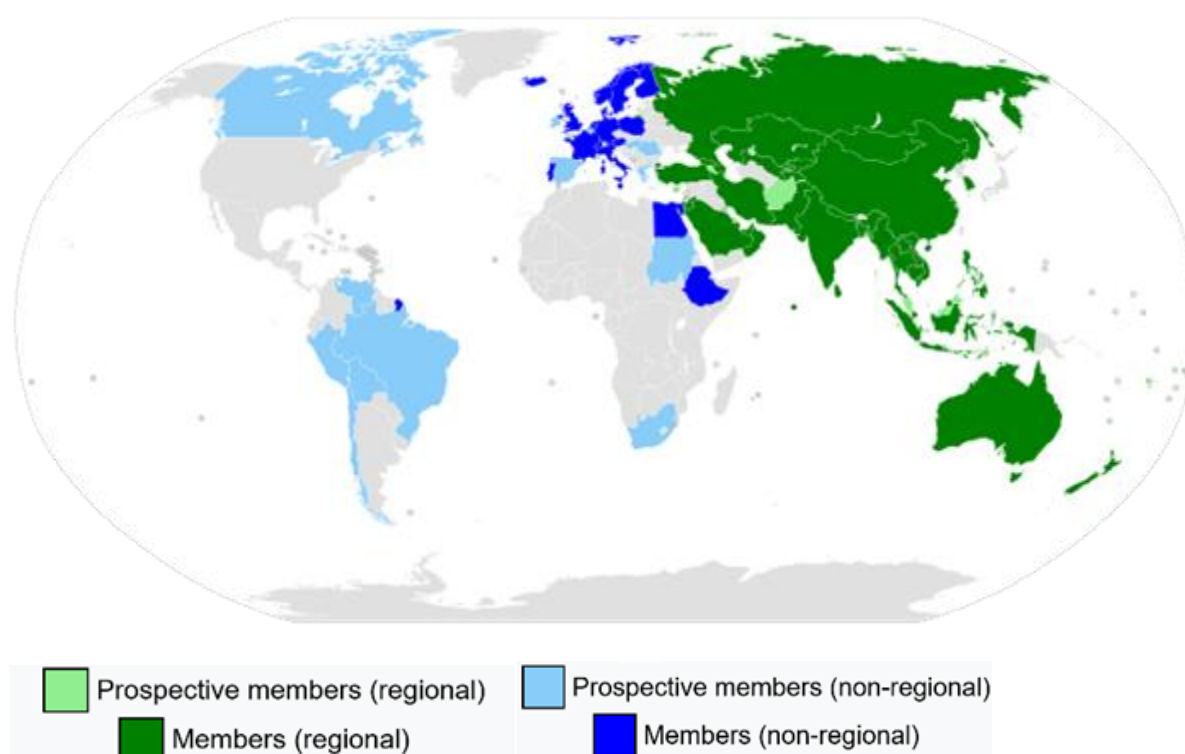
According to AIIB's Articles of Agreement (AOA), the Bank will “provide or facilitate financing to any member, or any agency, instrumentality or political subdivision thereof, or any entity or enterprise operating in the territory of a member, as well as to international or regional agencies or entities

<sup>34</sup> Asian Development Bank. Available at: <https://www.adb.org/site/public-sector-financing/operations/project-cycle>

<sup>35</sup> Asian Infrastructure Investment Bank. Available at: <https://www.aiib.org/en/index.html>

concerned with economic development of the Asia region.” Four countries of CA region (Kazakhstan, Kyrgyz Republic, Tajikistan and Uzbekistan) are regional member of the Bank.

Figure 8. AIIB members and perspective members



## IMPLEMENTATION AND PRIORITY FIELDS

AIIB offers sovereign and non-sovereign financing for sound and sustainable projects in energy and power, transportation and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, and urban development and logistics.

AIIB identifies the following three topics as their priorities<sup>36</sup>:

- **Sustainable Infrastructure:** promoting green infrastructure and supporting countries to meet their environmental and development goals.
- **Cross-country Connectivity:** prioritising cross-border infrastructure, ranging from roads and rail, to ports, energy pipelines and telecoms across Central Asia, and the maritime routes in South East and South Asia, and the Middle East, and beyond.
- **Private Capital Mobilization:** devising innovative solutions that catalyse private capital, in partnership with other MDBs, governments, private financiers and other partners.

In June 2017, AIIB developed Sustainable Energy for Asia Strategy which sets a clear framework for AIIB to invest in energy projects that will increase access to clean, safe and reliable electricity for millions of people in Asia. To implement the strategy, the Bank will support its members to do their part in fighting climate change as expressed in the Paris Agreement. Initially, AIIB will focus on projects in renewable energy, energy efficiency, rehabilitation and upgrading of existing plants, and transmission and distribution networks.

<sup>36</sup> [https://www.aiib.org/en/news-events/news/2017/20170116\\_001.html](https://www.aiib.org/en/news-events/news/2017/20170116_001.html)

## FUNDING TYPE

AIIB's main financial support vehicles are sovereign and non-sovereign loans.

The AIIB Project Preparation Special Fund (the “Fund”) also provides grants to support and facilitate the preparation of projects to be financed by AIIB in eligible member countries (International Development Association recipients, including International Development Association Blend countries).

In exceptional circumstances, the Fund's resources may also be used for preparing innovative/complex projects, regional/cross-border projects that have significant regional impact and benefit other members, or non-sovereign backed transactions where there is a demonstrable need.

## PROJECT CYCLE

AIIB's project process is guided by its strategic goals and thematic priorities: sustainable infrastructure, cross-country connectivity and private capital mobilization. AIIB screens project ideas and proposals from clients, partners and other stakeholders and seeks to achieve an appropriate balance among borrowers, sectors, sovereign and non-sovereign projects. Projects that meet the preliminary screening criteria are included in the rolling investment program.<sup>37</sup> A brief description of main steps in project preparation and implementation is presented in the Box below.

Figure 9. AIIB Project Cycle

1	<b>Strategic Programming</b>	AIIB reviews project ideas and proposals from clients, partners and other stakeholders and seeks to achieve an appropriate balance among borrowers, sectors, sovereign and non-sovereign projects. Projects that meet the preliminary screening criteria are included in the rolling investment program which will be discussed and approved by the Executive Committee on a regular basis.
2	<b>Project Identification</b>	As part of the Project Identification phase, the prospective borrower submits documentation pertaining to the proposed project. This documentation may include a brief project summary and/or a preliminary or final feasibility report. Following a review of the information received, AIIB may request that additional research be conducted to facilitate a more thorough assessment of the proposed project.
3	<b>Project Preparation</b>	During this phase, AIIB's project team and the borrower's designated agency/agencies will work closely together on project design.  In addition, AIIB's project team will make an assessment on the borrower's initial due diligence documents and will work with the borrower's designated agency/agencies to address any identified gaps.  Following the project appraisal, the AIIB project team will prepare a Project Document that will include the project objective/impact, rationale, project components, estimated cost, financing plan, implementation arrangement and schedule, project risks and mitigation measures, and any project covenants that were agreed to.

<sup>37</sup> Asian Infrastructure Investment Bank. Available at: <https://www.aiib.org/en/projects/process/index.html>

4	<b>Board Approval</b>	After negotiations with the Borrower, the Project Document is submitted to the AIIB Board. Following the Board approval, the Project Document is posted on AIIB's website with the Borrower's consent. After Board approval, the Borrower's representative and AIIB's Vice President and Chief Investment Officer sign the loan and project agreements at a mutually agreed date. The loan becomes effective only after fulfilling the respective loan effectiveness conditions, if any, and the legal requirements (legal opinion etc.).
5	<b>Project Implementation</b>	AIIB focuses on project readiness during the project preparation stage to avoid project start-up implementation delays. This preparation stage includes: procurement readiness and implementation readiness.  The Borrower's Project Implementation Office is responsible to implement the project according to the predefined project plan.
6	<b>Project Completion And Evaluation</b>	AIIB furnishes a project completion report within 6-12 months after project completion. The AIIB team prepares a Project Completion Report (PCR) on the Project's results, the performance by the Project Participants and AIIB, and the degree of achievement of the Project's development objectives.

## H. The German Development Bank (KfW)

This Section is based on the information provided on KfW Development Bank webpage.<sup>38</sup> More information on KfW activities and operating principles is provided in [Annex 7](#).

### BACKGROUND

The German "Reconstruction Credit Institute" (Kreditanstalt für Wiederaufbau, KfW) is based in Frankfurt as a Germany's government-owned development bank, owned by the Federal Republic of Germany (80%) and the Federal States of Germany (20%). In 1948, after the World War II, it was formed as a part of the Marshall Plan. Presently, KfW covers over 90% of its borrowing needs in the capital markets, which allows KfW to raise funds on advantageous conditions.

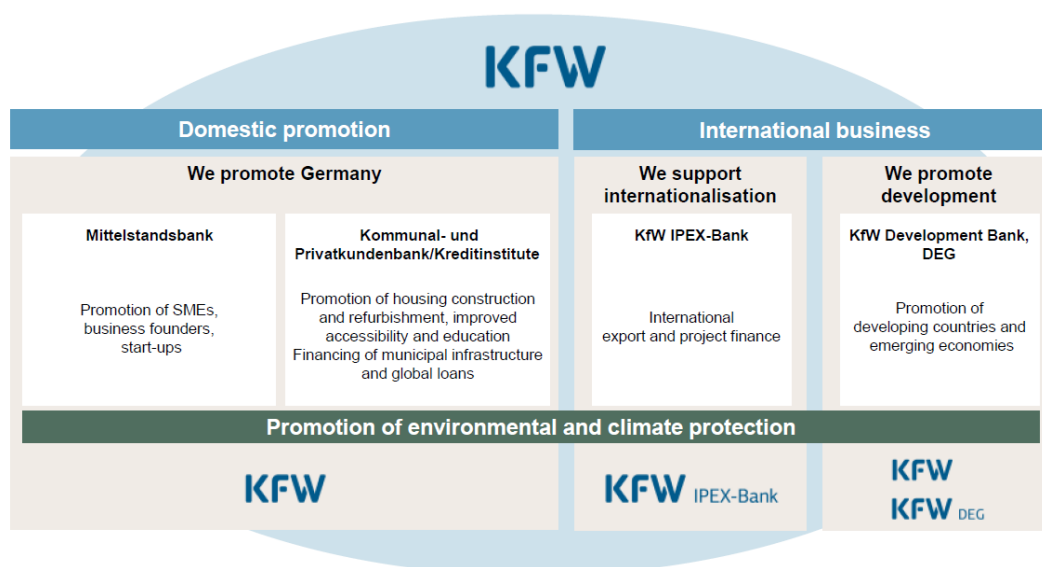
The entirety of KfW falls into several subsidiaries and group units (**Figure 10**): its largest subsidiary, KfW IPEX Bank GmbH, predominantly lends internationally (i.e., financing projects of German and European companies so they can compete in global markets), while a smaller subsidiary, the German Investment Corporation, and one of the group's smaller business units, **KfW Development Bank**, are exclusively active in the international arena, each within their particular business areas.<sup>39</sup>

<sup>38</sup> KfW Development Bank. Available at: <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/>

<sup>39</sup> Kreditanstalt für Wiederaufbau. Available at: [https://www.kfw.de/PDF/Download-Center/Konzernthemen/KfW-im-Überblick/GP\\_2014\\_deutsch\\_112014\\_final-2.pdf](https://www.kfw.de/PDF/Download-Center/Konzernthemen/KfW-im-Überblick/GP_2014_deutsch_112014_final-2.pdf)



Figure 10. The internal structure of KfW<sup>40</sup>



## GEOGRAPHICAL SCOPE

KfW Development Bank cooperates with partners in Africa, Asia, Latin America and South-East Europe.

In Asia, KfW Development Bank works with many countries on behalf of the German Federal Government to fight poverty and climate change and protect the environment: these efforts include increasing the use of renewable energy sources and preserving biodiversity. Support is provided for efficient financial institutions that help small and medium-sized enterprises create jobs.<sup>41</sup>

At present, in Central Asia KfW Development Bank has offices in Uzbekistan,<sup>42</sup> Kyrgyzstan<sup>43</sup> and Tajikistan.<sup>44</sup>

## IMPLEMENTATION AND PRIORITY FIELDS

KfW promotes economic and social progress in developing and emerging countries to improve people's lives. KfW sees its task in providing support and advice for reform processes and investments in developing and emerging countries.<sup>45</sup> KfW has the following objectives:

- Sustainable improvement of economic and social conditions
- Poverty reduction
- Climate and environmental protection
- Promotion of the financial sector

Its partners are governments and (non-)governmental institutions and bilateral & multilateral donors.

<sup>40</sup> KfW Development Bank. Sustainability Guideline (2016). Available at: [https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie\\_EN.pdf](https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf)

<sup>41</sup> KfW Development Bank. Available at: <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Asia/index-2.html>

<sup>42</sup> <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Asia/Uzbekistan/>

<sup>43</sup> <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Asia/Kirgisistan/>

<sup>44</sup> <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Asia/Tajikistan/>

<sup>45</sup> KfW Development Bank. Available at: <https://www.kfw.de/KfW-Group/About-KfW/Auftrag/Entwicklungsfinanzierung/>

It is particularly important for KfW that direct poverty reduction be accompanied by the creation of viable structures. Only in a favourable environment can women and men exercise their political rights, secure their economic livelihood and build their lives in dignity. In this sense, KfW is one of the leading financiers of microcredit in developing countries.

The magazine Global Finance rated KfW as the safest bank in its "World's 50 Safest Banks 2014" rating.

## FUNDING TYPE

KfW Development Bank's financial support is tailored to the circumstances in the respective partner country. The funding model selected will be determined depending on the size of a country's debt, its economic output and level of development, the performance capacity of the project partner as well as the type of project. The funding models include pure grants and loans from budget funds, but also loans that combine budget funds and KfW's own funds. The conditions for these kinds of loans are particularly favourable (interest, term). KfW also grants loans which are only comprised of KfW's own funds at terms and conditions commensurate to risk.<sup>46</sup>

## PROJECT CYCLE

All projects and programmes that are promoted by KfW Development Bank, both financially and in terms of ideas, follow the same project cycle — from conception through to evaluation.<sup>47</sup> Quality is carefully assured at each stage of this cycle. In doing so KfW Development Bank aims to ensure that the projects generate both specific and structural changes.

The **preparation phase** includes *analysis and conception* and is aligned with the country strategies of the German Federal Ministry for Economic Cooperation and Development BMZ. The subsequent *on-site audit* checks the conditions on-site.

The **execution phase** includes the *financing agreement* and *execution* in the technical sense, when the ownership by the partner country is strengthened, e.g. by the local project-executing agency being responsible for all activities.

The **inspection phase** includes the *final inspection* (checking if the population actually accepts the services offered), the *ex-post evaluation* by an independent administrative KfW department and finally *transparent information* via KfW's transparency portal,<sup>48</sup> providing information about the origin, use and impact of the funds is provided.

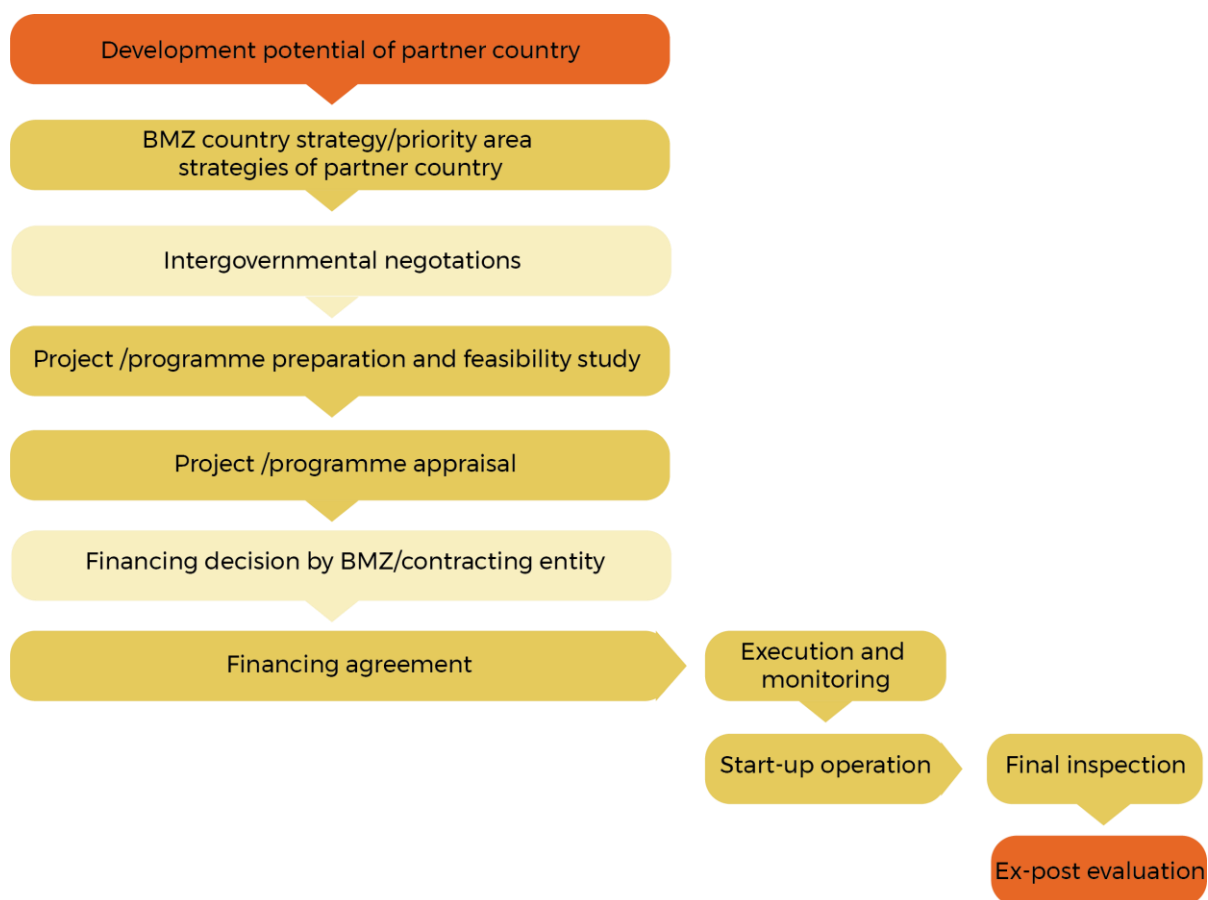
An intergovernmental agreement is generally concluded on any project. KfW checks whether the proposed projects are developmentally sound and realisable (see the criteria in [Annex 7](#)). Working together with the partner, specialised consulting firms draw up a feasibility study, which provides answers to all of the project's key questions – economic efficiency, developmental impacts and possible risks.

<sup>46</sup> KfW Development Bank. Available at: <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Tasks-and-goals/Unsere-Finanzprodukte/>

<sup>47</sup> KfW (2014), From Project Idea through to utilisation – The project cycle in Financial Cooperation. Project cycle flyer. Available at: [https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Flyer/Verfahrensflyer\\_EN.pdf](https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Flyer/Verfahrensflyer_EN.pdf)

<sup>48</sup> <http://transparenz.kfw-entwicklungsbank.de>

Figure 11. KfW Project Cycle



## I. The French Development Agency (AFD)

### BACKGROUND

Agence Française de Développement (AFD) is a bi-lateral development finance institution established in 1941 that works on behalf of the French government. Its main focus of activities is provision of financial assistance according to France's Overseas Development Assistance policies, including projects aimed at reducing poverty and inequalities, promoting sustainable economic growth, and preservation "Global Public Goods" of benefit to all humanity. Preservation of Global Public Goods includes the fight against climate change and pandemics; the protection of biodiversity; the promotion of social and environmental responsibility; as well as aid to countries weakened by strife, war and natural disasters.<sup>49</sup>

### GEOGRAPHICAL SCOPE

Consequently, AFD is active in Africa, Asia, the Middle East, Latin America, the Caribbean and the French overseas territories where it finances and supports projects that improve living conditions for populations, promote economic growth and protect the planet. For Asia, this means a

<sup>49</sup> WHO. Available from: [http://www.who.int/workforcealliance/members\\_partners/member\\_list/afd/en/](http://www.who.int/workforcealliance/members_partners/member_list/afd/en/)

geographic emphasis on former French-Indochina, less on CA.<sup>50</sup> At present, its mandate is limited to Uzbekistan and Kazakhstan.

### IMPLEMENTATION AND PRIORITY FIELDS

In keeping with the United Nations Sustainable Development Goals, AFD works in many sectors — energy, healthcare, biodiversity, water, digital technology, professional training, among others — to assist with transitions towards a safer, more equitable, and more sustainable world. Moreover, 50% of AFD grants and loans to foreign countries in 2016 had climate and development as co-benefits.

### FUNDING TYPE

AFD provides the following types of financial support:<sup>51</sup>

- Loans, which terms are determined depending on the type of project and its environment (impact and political, economic, social and environmental context) and the quality of the borrower (sector, rating, guarantees);
- Guarantees for financing for companies and bond issues conducted on the markets by financial institutions or certain States;
- Grants to finance actions in the social sector (health, education), initiatives for rural and urban development, and infrastructure projects.

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<sup>50</sup> Agence Française De Développement. Available at: <https://www.afd.fr/en>

<sup>51</sup> Agence Française De Développement. Available at: <https://www.afd.fr/en/finance-projects>

# ANNEXES



## 6. ANNEXES

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### Annex 1.

### Project Development – General Guidelines

This general guide to project development is adopted from Environmental Project Development Manual (1997) Environmental Know-how Fund, Phare.

#### WHAT IS A PROJECT?

A project is ‘a proposal for doing something’ or ‘a scheme of work’. A project aims to reach a specific goal, from a defined starting point, within a given timeframe, with specified inputs (e.g. money, manpower). It is a means by which the ideas and objectives of policy are converted into practical reality.

A project can stand alone or be related to a number of other projects or activities in a programme.

A project may comprise a number of tasks; these tasks are integrated with each other and do not stand alone.

In turn, a task may comprise a number of separate activities.

#### TYPES OF PROJECT

##### *Hard vs Soft projects*

A project may involve ‘hard’ activities – construction or building works – often referred to as a capital project. Capital projects involve an investment that may have a life of many years.

**Examples:** *a new water treatment plant, a dam, a waste incinerator.*

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Or it may involve ‘soft’ activities – management, institutional development, training, etc. These projects often may involve continuing expenditure over a period of years, but not give rise to a capital asset.

**Examples:** *managing a site of special environmental interest, training in environmental awareness. Running an energy advice service.*

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A project may also involve a combination of both types. All hard projects have associated operation and maintenance costs.

**Examples:** *a home insulation programme, a boiler efficiency improvement, controlling pollution from a contaminated site.*

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A project may charge for its product or service, thereby generating revenue income. Such a project is described as “revenue earning” or “income generating”. A project is economically viable when over time revenues exceed the costs of operation, maintenance and paying back any initial investment.

**Examples:** *a visitor centre in a country park might charge admission fees and sell souvenirs.*

### **Environmental project?**

All hard and most soft projects have some environmental implications or impacts. It is usually helpful to distinguish between:

- projects having environmental objectives, and
- other projects where objectives are not environmental but which have environmental impacts, or secondary environmental benefits.

From environmental perspective four broad types of project can be identified:

Where an economic activity has a substantial environmental component or impact.

**Examples:** *electricity generation, building or construction, industrial manufacturing processes.*

Where the objective is to improve the environment, or environmental conditions, and/or human health. These may sometimes be referred to as “green” projects.

**Examples:** *biodiversity conservation, protection of a valuable landscape, controlling air and water pollution.*

Mixture of the above, where a proposed activity brings economic benefits and at the same time helps to improve the environment. These are often called “win-win” projects.

**Examples:** *chromium recovery in tanneries, installing cleaner and more efficient engines in the city bus fleet.*

Research projects – which may eventually result in commercial applications having environmental consequences.

**Examples:** *research on renewable energy sources; research on transportation technologies.*

### **Project scale and complexity**

Projects can vary enormously in scale and complexity both technically and in terms of funding.

At one extreme we could be dealing with a multi-national, trans-border project with aid or assistance from multilateral funders and financing from several major international financial institutions (IFI). It could be trying to help one or several countries in the region to move towards sustainable development.

**Examples:** *a water management and improvement programme for an international river basin, involving several countries, and funded by the European Union, World Bank and bilateral resources. This could be regarded as one large project or a number of related, but separate, projects.*

At another extreme, a project could be small, focused on only a small part of a country, and involve funds from a single agency only – perhaps from the organisation proposing the project.

**Examples:** *raising awareness of environmental issues among municipal government staff through training funded by bilateral assistance; carrying out a feasibility study funded by a grant.*

## **FUNDING TYPES AND SOURCES**

The main types of funding that you will need to consider include:

1. Grants
2. Loans – soft (sometimes called “concessional”) and commercial
3. Equity

The main differences between these types of funding are in the amount of money and the conditions under which they can be made available. All funds are associated with costs (including grants). The costs of the funds will depend on the conditions under which they are made available.

### Grants

A grant is a direct payment to carry out a project. It does not have to be repaid.

Grants are generally only available for smaller projects and those which cannot reasonably be funded on the basis of a loan (commercial or soft loan) or equity funding. Grants are usually given to projects regarded as important from a national or international perspective, and which cannot be funded in any other way.

May funder provide technical assistance through grants? This usually involves transfer of expertise of technology. This can be especially important aspect of institutional strengthening projects.

Bilateral funders sometimes provide grants for pre-feasibility or feasibility studies. This can lower the total costs of obtaining a larger loan from a domestic or international bank for a project, because the studies would otherwise have to be funded from the loan. They may also provide grants to fund part of a project which is also supported by IFI loans.

#### *Advantages of grants:*

- no repayment is required

#### *Disadvantages of grants:*

- are not available for project which will generate revenue
- funder priorities may require project objectives to be changes

### Loans

A loan is money borrowed for a project that has to be repaid to the lender under the specific conditions. This requires that the recipient is:

- creditworthy,
- had potential cash flow sufficient to meet the interest payments and to repay the sum borrowed (also known as the principal), and
- can provide security against default.

A loan will usually cover only a part of the total project costs (e.g. 20-50%).

A soft loan (or a concessional loan) is one provided on more favourable terms than could be obtained on the market (e.g. lower interest rates or longer repayment period).

#### *Advantages of loans:*

- enables the development of revenue generating process
- loans are often the only form of funding available to private enterprises

#### *Disadvantages of loans:*

- can be expensive to obtain and to administer
- local banks may be unwilling (or unable) to accept the risks of a project
- need to have sufficient financial resources to repay the loan



### Equity

This is where an investor puts money into a company or a project (usually by buying shares) without a specific claim for direct repayment. In doing so it takes an equity stake. The expectation is that over time there will be a significant return of investment – perhaps as much as 20% – but this is a risk. The return of investment from environmental projects is often below that required by an equity investor.

Your choice of funding will depend on several factors, but especially on:

- the size of the project – the amount of funding required;
- the nature of the project, e.g. whether the project is expected to generate income;
- whether the project is suitable for commercial funding, e.g. whether it will generate enough money to pay back the normal bank loan.

Large projects may be funded through a combination of these types of funding. For example, a large project may be funded by a combination of grants, soft and commercial loans, and equity within the total funding package. Moreover, larger projects are always funded by more than one party – national bank, IFIs and National Environmental Funds tend to provide only a certain percentage (e.g. 20-50%) of the total project costs in order to limit and share the risks (sometimes referred to as “limiting their exposure”).

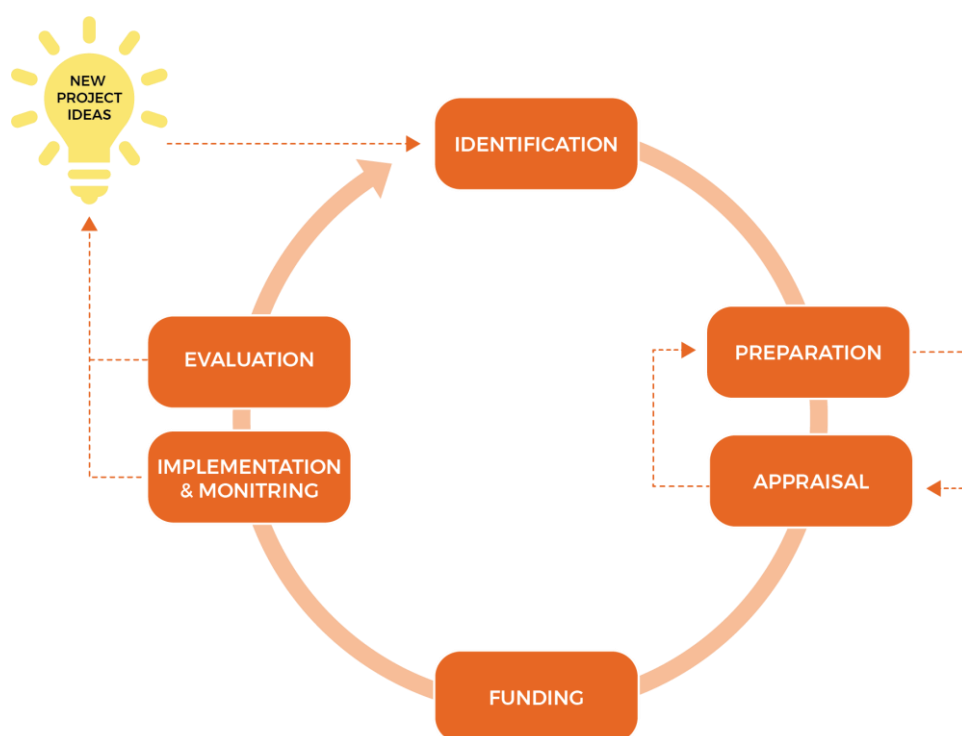
The main sources of funding are likely to include:

- **Domestic** – money from the project proposer, your own government’s budget, commercial lending institutions or national environmental funds;
- **Bilateral Funders** – money provided as assistance from another country;
- **Multilateral Funders** – money provided by a number of countries as part of a programme of assistance;
- **IFIs** – money lent on a commercial basis by international banks and related institutions.

### PROJECT CYCLE

Project cycle is a useful way to understand the various stages that any project will probably go through. The same approach will apply when you are dealing with as simple project idea within your own organisation or a complex project supported by a number of external funders.

Different funding agencies use different terms, but the principles behind the process are basically the same.



PROJECT CYCLE STAGE	SHORT DESCRIPTION
Identification	<ul style="list-style-type: none"> <li>Definition of the “problem”</li> <li>Generation of possible project ideas (alternatives)</li> </ul>
Preparation	<ul style="list-style-type: none"> <li>Development of detailed project proposal</li> </ul>
Appraisal	<ul style="list-style-type: none"> <li>Project proposal appraisal by the potential funder</li> </ul>
Funding	<ul style="list-style-type: none"> <li>Formal agreement on funding the project between the funder and the proposer</li> </ul>
Implementation and monitoring	<ul style="list-style-type: none"> <li>Project is carried out according to the contract or other agreements made</li> <li>Internal monitoring and external reporting is carried out</li> </ul>
Evaluation	<ul style="list-style-type: none"> <li>Assessment of project results against its original objectives in terms of its performance, efficiency and impact</li> </ul>

The time needed for each stage of project identification, preparation and appraisal varies greatly depending on the size and complexity of a project, the procedures and requirements of the potential funder, and the number of funders involved.

## PROJECT IDENTIFICATION

You will probably start the process of project development of one of two positions:

1. You may have a specific environmental problem in mind, and be seeking to develop solutions that will address it, or
2. You may already have a project in mind, and be seeking to develop it and obtain funding.

Project identification process can be divided into 11 logical steps.

Project identification process step		Comments
1	Define the wider project objectives and justify your project	What is the wider environmental problem that you wish to address? This will provide the justification for your specific project, and allow you to consider alternative solutions.
2	Define the immediate objectives of your project	What the project is directly intended to achieve?
3	Define the project outputs	What measurable results will be achieved by the project?
4	Define project inputs	What resources are needed to generate the outputs?
5	Set out your assumptions	Unrealistic assumption may result in a poor, risky project.
6	Complete a log frame	Apply Logical framework approach for assessment of project idea.
7	Make a preliminary estimate of project cost	Preliminary estimate of project cost you should estimate approximate costs of all inputs defined in Step 4.
8	Identify the key policy documents	Reflect key regional, national and international policies and strategies in order to justify your project to potential funders.
9	Prepare a project description	See the list of elements to be included in the project description, <i>taking into consideration the requirements of the potential funders.</i>
10	Identify sources of funding	What type of funding is the best for your project? Are you seeking a grant, a loan, equity, or a combination of these? What is the most likely sources for this funding? Will you require a combination of national and international funding?
11	Contact potential funders	In practice you will probably have been in contact with the potential funder from the project identification stage, in order to understand their funding objectives, priorities, procedures and areas of activity.

### Project description

A project description should be brief and concise. The purpose is to “sell” the project idea and get the key people interested.

The project description will

1. be submitted to potential funder,
2. serve as the basis for further, more detailed project preparation.

### Content of project description

1. Cover page (the title, project objective, timescale, budget and the name of the project proposer;
2. project name or title;
3. objectives of the project;
4. brief description (including location);
5. justification (why is it needed?);
6. inputs (resources required to carry it out, including project management);
7. expected outputs;
8. assumptions that you have made;
9. how the project outputs will become (self) sustaining;
10. risks in the project and how you will manage them;
11. budget;
12. project team;
13. time table for implementation (including provisional start and end dates);
14. links or coordination with other projects (where appropriate);
15. map or site plan;
16. reporting schedule.

### Sources of Project Ideas

Project ideas can be drawn from a number of different sources.

You may already have a clear idea for a project. Most people start with a problem or with something that they want to do. A project is a way of implementing a policy or of solving a problem.

The following are possible sources of project ideas:

- from an analysis of environmental problems and opportunities, a strategy or strategic policy framework has been developed – project ideas may then be invited or generated from a number of agencies, for example, central, regional or municipal government, or non-governmental organisation;
- there may be a need to implement new legislation, e.g. in compliance with international agreements;
- there may be a national call or invitation for project proposals;
- partly or fully developed ideas may already exist;
- ideas may have been generated in the course of evaluating and implementing earlier projects.

In other cases, you may have identified the problem, but do not know yet how to address it. Common ways of generating project ideas and alternatives are:

- by brain-storming with your organisation;
- by adapting good practice used in other regions or countries to suit local conditions;
- by inviting proposals to solve an identified problem from companies known to have the required experience.

### **Key sources of project ideas include**

#### **Immediate problems faces**

- Need to comply with license conditions (e.g. for industrial plant)
- Need to reduce fines being paid to regulator
- Need to reduce energy costs
- Need to stop destruction of a conservation area

#### **Ideas formulated in national and international documents**

- National Environmental Action Plan (NEAPs)
- Regional Agreements

#### **Project ideas developed by national agencies but not pursued by them**

- Project management Units of other Ministries
- Other national funding bodies

#### **Ideas of technical experts**

- Universities
- Research Institutes
- Industry
- Consultants

#### **Ideas suggested by national policy documents**

- Government and IFI indicative programmes
- Government and IFI sector operations policy programmes
- Regional action programmes of the government or IFIs
- Multi-annual national government programmes
- Private sector initiatives
- Ideas emerging from the evaluation and monitoring of existing projects
- Economic reform programmes, e.g. privatisation, deregulation
- Legislation

#### **Ideas suggested in formal governmental project lists**

- Identification missions undertaken by major funders, e.g. World Bank

#### **Ideas suggested by NGOs**

#### **Ideas developed “in house”**

### **PROJECT PREPARATION**

The project idea is carefully developed to the point where it can be submitted to the potential funder to appraisal. It is vital to understand the interests and requirements of the potential funders, the criteria against which it will be appraised, and to have a clear idea of the type and amount of funding required.

During the project preparation stage a Project Proposal will be developed. A good project proposal will include description of some, or all, of the following elements:

### Content of the a Proposal

1. Cover page;
2. summary (including log frame);
3. background of the project;
4. justification for the project – referring to any relevant policy documents;
5. the wider and immediate objectives of the project;
6. the stakeholders concerned;
7. main assumptions- and therefore the risks;
8. its feasibility (i.e. as appropriate the technical, financial, economic, institutional, social and environmental aspects);
9. expected outputs;
10. required inputs;
11. budget;
12. work plan;
13. project management and project team;
14. indications of achievement and means of verifying them;
15. monitoring and reporting arrangements.

The time needed for each stage of the project identification, preparation and appraisal varies greatly. The time taken will depend on the size and complexity of a project, the procedures and requirements of the potential funder, and the number of funders involved.

These approximate estimates of time needed for project identification, preparation and appraisal are summarised in the table below:

### Guide to Time Required for Project Preparation

<b>Funding Type→ Project Stage↓</b>	<b>Grant (simple)</b>	<b>Grant (complex)</b>	<b>Loan (small)</b>	<b>Loan (large)</b>
Identification	1 month	3-6 months	3-6 months	3 months – 2 years
Preparation	1-2 months	3-6 months	6-18 months	6 months – 2 years
Appraisal	1-3 months	3-6 months	3-12 months	3 months – 1 years
<b>TOTAL TIME</b>	3-6 months	9-18 months	1-3 years	1-5 years

It is important to check that you have the capacity to complete the preparation of your project. You should think thoroughly about the timescale and resources required. The Table below gives some guidance on the type of preparatory work that will generally be needed for your project. Depending on which funding type is appropriate for your project, you will probably need to prepare the types of documents and supporting analysis listed in the table.

### Guide to Work Required for Different types of Application

<b>Funding Type→ Documentation↓</b>	<b>Grant (simple)</b>	<b>Grant (complex)</b>	<b>Loan (small)</b>	<b>Loan (large)</b>
Summary + Log Frame	Helpful	Yes	Yes	Yes

Project Proposal	Yes	Yes	Yes	Yes
Work Plan	Yes	Yes	Yes	Yes
EIA/Audit	No	Sometimes	Sometimes	Yes
Feasibility Study, including	Unlikely	Probably	Sometimes	Yes
Technical Evaluation	Unlikely	Probably	Yes	Yes
Financial Analysis	Unlikely	Essential	Essential	Essential
Economic Analysis	Unlikely	Essential	Essential	Essential
Socio-cultural or Stakeholder Analysis	No	Probably	Sometimes	Probably
Institutional Analysis	No	Probably	Sometimes	Probably

## WHAT MAKES A GOOD PROJECT PROPOSAL AND A GOOD PROJECT?

Experience suggests that a successful project proposal will usually have the following features:

### An executive summary

*(this should be capable of being read on its own and giving a good overview of the project)*

- a short, clear overview of the project;
- an explanation of how it relates to the priorities of the funder;
- a description of the expected benefits.

### A project description

- a comprehensive (but not too long) view of the project and its constituent activities;
- a full explanation of the technical aspects;
- a suggested timescale;
- a work plan with milestones and outputs;
- an explanation of the organisation and staffing.

### A description of the financial and economic factors

*(this is the main focus of interest for many readers)*

- show that the costs and income over time are appropriate for the type of project;
- justify the project's value in terms of all the main measures.

### Identification of options

- show that alternatives have been identified and appraised;
- clearly establish and justify the best option;
- explain whether environmental assessment of options has been done.

### Questions of uncertainty and sensitivity

- clearly present the risks;
- show how sensitive different elements of the project are to these risks and assumptions.

### Funding

- suggest a realistic budget for the whole life of the project;
- set out the funding support required and indicate when it will be needed.

External funders will generally look carefully to see whether:

- there is sufficient participation by the beneficiaries, i.e. the beneficiaries of the project must be involved in the actual decision-making;
- there has been adequate consultation of stakeholders, i.e. individuals or groups of people affected by the project, or with an interest in it. This means more than just explaining the project to key people or groups who stand to gain or lose;
- where loans are involved, that the borrowers are fully committed to the project, i.e. 'ownership' has been gained because the borrower is responsible for preparation and

implementation. This ensures that the project initiative is local or national, i.e. in one's own country;

- risks are adequately assessed and managed;
- capacity-building permeates the whole project, pursued through separate technical assistance where appropriate e.g. staff training;
- project design is adjusted to changing conditions in a timely manner.

Taking into account the above-mentioned considerations, a well-designed project proposal will include the following items:

### Checklist for project design

#### Context and objectives:

- clear description of the social and economic context into which the project fits;
- description of how the individual project related to other existing and planned initiatives;
- clear statement of the problem/target to be addressed;
- direct link between wider, long-term objectives and the immediate objectives of the project.

#### Beneficiaries and impacts:

- clear statement about who will benefit from the project;
- demonstration of awareness of any negative impacts of the project and how these will be minimised.

#### Results and realism:

- clear and distinctive objectives setting out what is to be achieved;
- clear outputs – specific in terms of quantity, quality, time and place – with a well-defined target group;
- it will be realistic in terms of objectives, resources and timescale;
- the work programme for the project should be realistic in terms of the time allowed and the scheduling of tasks;
- it will be clear about which activities contribute directly to the project and its outputs.

#### Project resources and management:

- it should be specific about activities and the resources required to do them. If your proposal has activities for which no resources are allocated, there is something wrong!
- the manpower resources and skills required for the project should be confirmed as available;
- you should have a clear idea about the way in which the project will be managed;
- the basic operating environment should be in order, e.g. accommodation and equipment for the project team;
- you should show that the institutional context for the project is supportive.

#### Assumptions and commitment:

- the assumptions that you have built-in to the project design should be clearly set out. The more questionable ones should have been analysed and checked;
- you should describe how you will be making a local contribution to the funding of the project. This will show funders that you are fully committed to the project.



Finally, some of the common faults of the project proposal are presented in the box below:

### Checklist of the common project faults

#### Context and objectives:

- the project does not fit the funder's priorities, terms or strategy;
- the project fails to take account of other relevant activities;
- no clear relationship between the immediate objective of the project and the wider, longer-term objectives;
- objectives are vaguely worded, confuse ends with means, and are not distinct from each other (in the worst case, they may be in conflict with each other);
- failure to be clear about the problem and the immediate objective.

#### Beneficiaries and impacts:

- unclear who are the intended beneficiaries of the project;
- failure to appreciate the negative aspects of a project and to suggest appropriate measures.

#### Results and realism:

- being over-optimistic about what can be achieved;
- outputs confuse ends with means, or are not specified in sufficient detail.

#### Work plan, management and resources:

- the work plan or programme is unclear, the resources or the time required has been underestimated;
- not enough time has been allowed for the completion of tasks – implementation often takes longer than planned;
- tasks are not defined in sufficient detail and do not contribute to the achievement of outputs;
- insufficient allowance has been made for project management, or the management structure is poorly thought out;
- local institutional capacity and leadership are inadequate to carry out the project;
- inputs are inadequate or unrealistic.

#### Assumptions:

- the assumptions are not clear and not fully explained.

### LOG FRAME ANALYSIS

Log Frame Analysis (LFA), also known as Logical Framework Approach, Logical Framework Analysis, Log frame or Project Framework, is a technique widely used in project identification. The LFA should be thought of as an “aid to thinking”.<sup>52</sup> It allows information to be analysed and organised in a structured way, so that important questions can be asked, weaknesses identified and decision-makers can make informed decisions based on their improved understanding of the project

<sup>52</sup> Aid Delivery Methods, Volume 1: Project Cycle Management Guidelines, EC, March 2004. Available at: [https://ec.europa.eu/europeaid/sites/devco/files/methodology-aid-delivery-methods-project-cycle-management-200403\\_en\\_2.pdf](https://ec.europa.eu/europeaid/sites/devco/files/methodology-aid-delivery-methods-project-cycle-management-200403_en_2.pdf)

rationale, its intended objectives and the means by which objectives will be achieved. It also provides the bases on which resources requirements (inputs) and costs (budget) are determined.

Log Frame Analysis is a useful technique because it:

- develops a structured set of project ideas by clarifying objectives and desired outputs;
- helps compare alternatives or options, including the option of doing nothing;
- helps develop a realistic project which matches available resources;
- provides a clear, brief and logical description of the proposed projects;
- helps the identification of possible risks to project implementation;
- provides a useful basis for project appraisal;
- is recognised, and sometimes required, by many potential funders.

There are many varieties of log frame analysis, but the broad principles are the same for all of them. The typical LFA matrix is presented in the table below:

### Simplified Log Frame

HORIZONTAL LOGIC→	Indicators	Means of Verification	Most Important Assumptions
VERTICAL LOGIC ↓	<p>Factors that will indicate whether the project is running effectively. Used to:</p> <ul style="list-style-type: none"> <li>• measures progress towards immediate and wider objectives;</li> <li>• assess inputs and measure outputs;</li> <li>• indicate changes in the development of the project.</li> </ul>	The means by which changes in the value of selected indicators can be measured (e.g. reports, monitoring campaigns, interviews, company records).	The initial hypotheses built into the project. Usually factors outside control of the project but which may pose a risk to its success.
<p><b>Wider Objective</b> (Long term objectives/Overall Objective) <i>Months or years after the project has been completed, to what extent will the problem have been addressed?</i></p> <p><b>Immediate Objectives</b> (Short term objectives/Purpose) <i>The situation immediately after a project has been completed. This should reflect the project outputs.</i></p>	<p>How to measure Wider Objective, including Quantity, Quality, and Time?</p> <p>How to measure Immediate Objective, including Quantity, Quality, and Time?</p>	<p>How will you check the measurement?</p> <p>How will you check the measurement?</p>	<p>What assumptions are you making?</p> <p>What assumptions are you making?</p>

<b>Outputs</b> (Results) <i>What will the tangible measurable result of the project?</i>	How to measure outputs produced, including Quantity, Quality, Time?	How will you check the measurement?	What assumptions are you making?
<b>Inputs</b> (Activities) <i>All the resources needed to carry out a specified activity within the work plan, including staff and overheads, equipment, materials, supplies, travel costs etc.</i>	How to measure inputs?	How will you check the measurement?	What assumptions are you making?

Additional information on LFA is available in EC prepared guidelines “*Aid Delivery Methods, Volume1: Project Cycle Management Guidelines*”<sup>53</sup> (March 2004).

Other analysis techniques that could be required or considered during the project preparation are SWOT Analysis, Technical Evaluation, Cost Benefit Analysis (CBA), Risk Assessment (and Management), Stakeholder Analysis or Socio-cultural Analysis, Institutional Analysis, Environmental Impact Assessment (EIA), Environmental Audit or Environmental Due Diligence, and Multi-Criteria Analysis.

<sup>53</sup> Available at: [https://ec.europa.eu/europeaid/sites/devco/files/methodology-aid-delivery-methods-project-cycle-management-200403\\_en\\_2.pdf](https://ec.europa.eu/europeaid/sites/devco/files/methodology-aid-delivery-methods-project-cycle-management-200403_en_2.pdf)

## Annex 2.

### IFCA Blending process

#### WHAT CAN BE AN ADDED VALUE OF “BLENDING”?

Blending operations typically combine a grant element with loans, equity, guarantees or other risk-sharing mechanisms from public development finance institutions and others financiers, including – where relevant – private investors. For the purpose of this Guide, a grant element is defined as both an explicit grant where there is a transfer of resources with no obligation or expectation of return.

The added value (or additionality) of grant support in blending operations is defined as the positive results the EU grant achieves above and **beyond** what could have been achieved without the grant.

From the EU viewpoint, use of scarce grant funding is justified only if significant additionality is shown.

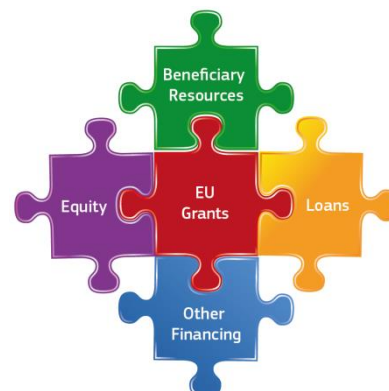
On a case-by-case basis, the EU grant contribution can take different forms to support investment projects (Figures 2 and 3):<sup>54</sup>

- Investment grant & interest rate subsidy reducing the initial investment and overall project cost for the partner country
- Technical assistance - ensuring the quality, efficiency and sustainability of the project
- Risk capital (i.e. equity & quasi-equity) attracting additional financing
- Guarantees – unlocking financing for development by reducing risk

Blending provides various benefits to **different stakeholders**:

- Beneficiary governments: a sustainable and affordable way to tap into significant additional financing for national development priorities
- Final beneficiaries: increased access to public services, infrastructure and credit, to increase socio-economic development
- Financiers: mitigate the risk of investing into new markets and sectors
- European Union: leveraged impact of EU aid, improved aid effectiveness through greater donor and lender coordination

Figure 1: Blending components



IFCA<sup>55</sup> is EU's main blending<sup>56 57</sup> tool for Central Asia and has some characteristics<sup>58</sup> similar to IFIs.<sup>59</sup>

**The blending decision-making process** according to the “Guidelines on EU blending operations” (p. 34) is shown in Figure :

<sup>54</sup> [https://ec.europa.eu/europeaid/sites/devco/files/leaflet-eu\\_blending-2015\\_en.pdf](https://ec.europa.eu/europeaid/sites/devco/files/leaflet-eu_blending-2015_en.pdf)

<sup>55</sup> [https://ec.europa.eu/europeaid/regions/central-asia/investment-facility-central-asia-ifca\\_en](https://ec.europa.eu/europeaid/regions/central-asia/investment-facility-central-asia-ifca_en)

<sup>56</sup> Guidelines on EU Blending Operations (2015), Volume 1 “General”, Brussels & Luxembourg, DEVCO, available at <https://europea.eu/capacity4dev/t-and-m-series/document/guidelines-eu-blending-operations> & 3 special reports

<sup>57</sup> [http://www.europarl.europa.eu/RegData/etudes/etudes/join/2012/433784/EXPO-DEVE\\_ET\(2012\)433784\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/etudes/join/2012/433784/EXPO-DEVE_ET(2012)433784_EN.pdf),

[http://europea.eu/rapid/press-release\\_MEMO-16-3006\\_en.htm](http://europea.eu/rapid/press-release_MEMO-16-3006_en.htm),

[http://www.eib.org/attachments/general/events/2014\\_01\\_30\\_csi\\_europe\\_celio\\_en.pdf](http://www.eib.org/attachments/general/events/2014_01_30_csi_europe_celio_en.pdf),

[https://ec.europa.eu/europeaid/policies/innovative-financial-instruments-blending\\_en](https://ec.europa.eu/europeaid/policies/innovative-financial-instruments-blending_en)

<sup>58</sup> <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/6658.pdf>

<sup>59</sup> <http://trade commissioner.gc.ca/development-developpement/mdb-overview-bmd-apercu.aspx?lang=eng>

Figure 2. The blending decision-making process (above) and the parallel decision process of IFI and EU (below)<sup>60</sup>

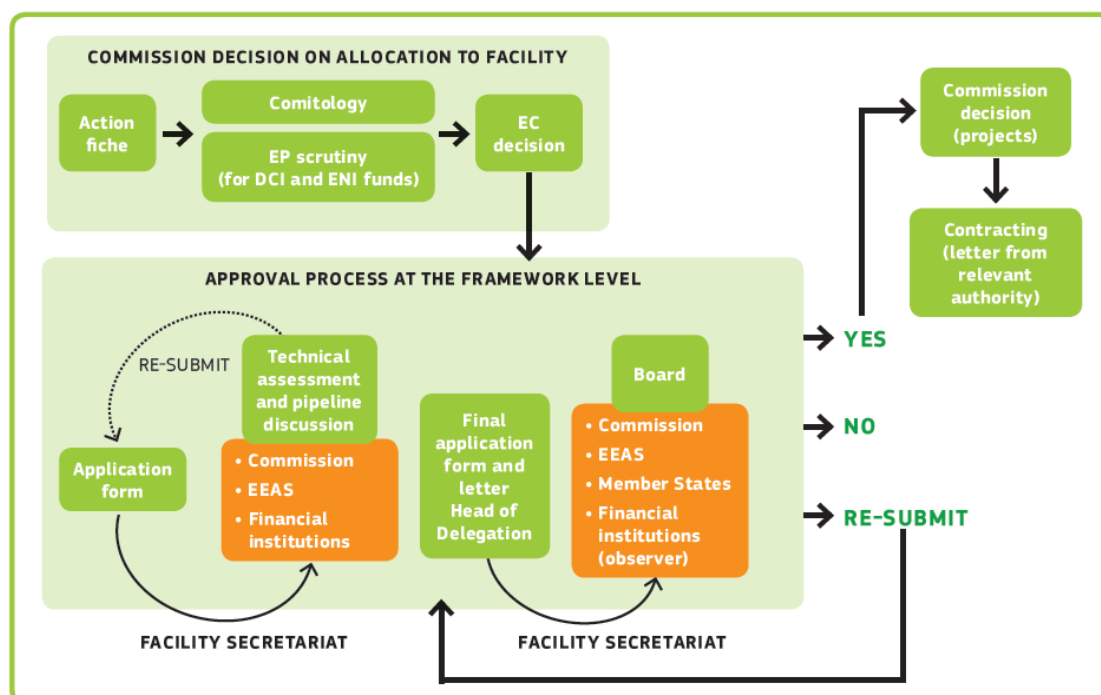
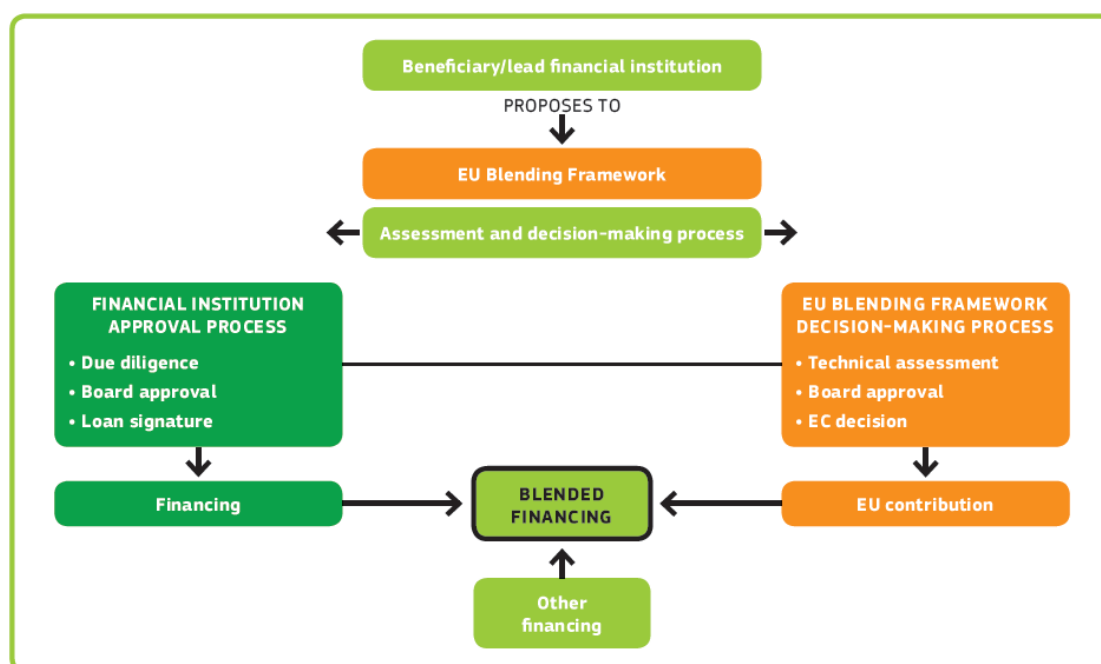


FIGURE 4.3 Parallel decision process of financial institution and EU



<sup>60</sup> Guidelines on EU Blending Operations (2015), Volume 1 “General”, Brussels & Luxembourg, DEVCO, available at <https://europa.eu/capacity4dev/t-and-m-series/document/guidelines-eu-blending-operations> & 3 special reports

Figure 3. The five forms of blending after Commission definition<sup>61</sup>


**1 BLENDING**

## So far, blending takes one of 5 forms

BLENDING GRANT TYPE	...WHICH CAN ELIMINATE A KEY PROBLEM
<b>Direct Investment Grant</b>	Reduce cost to end users or beneficiary country by partly financing the total investment cost
<b>Interest Rate Subsidy Grant</b>	Reduce cost to end users or beneficiary country by reducing interest cost and/or avoiding IMF debt-ceilings (not a favoured tool for EU)
<b>Technical Assistance Grant</b>	To boost management, speed, project design, feasibility/preparation and quality i.e. address risks
<b>Risk Capital</b>	To address perceived high risk by providing funding which absorbs some of this risk and thereby lowers investors' risk perception (often with the objective of mobilising private capital)
<b>Guarantee</b>	To address perceived high risk by partly guaranteeing certain types of investments (often with the objective of mobilising private capital)

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### CLIMATE CHANGE WINDOWS (CCWS)<sup>62</sup>

In November 2010, specific **Climate Change Windows (CCWs)** were created in the EU regional blending facilities. The CCWs encompass both public and private investments in strategic areas such as transport, energy, environment, water, sanitation and forests.

The main objectives behind the establishment of **Climate Change Windows (CCWs)** in the EU regional blending facilities are as follows:

- Establish a tracking system for climate change related operations;
- Ensure transparency of EU financing of climate change projects, including by making a distinction between programmed funds within geographical instruments and new, additional resources;
- Guarantee better tracking and EU visibility for all its climate actions;
- Mainstream the fight against climate change in projects (co-)financed by the EU;
- Attract additional financing for climate change.

The tracking system is based on the contribution of each project to the climate mitigation and/or adaptation objectives of the Rio Convention on Climate Change.

<sup>61</sup> Investments and EU Blending: ppt file from the training for EC staff, 25-27 October 2017, New Delhi, India

<sup>62</sup> [http://europa.eu/rapid/press-release\\_MEMO-10-628\\_en.pdf](http://europa.eu/rapid/press-release_MEMO-10-628_en.pdf)

***Mitigation measures include:***

- Limiting the emission of greenhouse gases caused by human activity;
- Improving energy efficiency and increasing energy saving;
- Increasing the production and use of renewable energy;
- Protecting and/or enhancing greenhouse gas sinks and reservoirs.

***Adaptation measures include:***

- Reducing human and environmental vulnerability to the impact of climate change;
- Promoting climate change adaptation technologies, including the related infrastructures;
- Measures for emergency prevention and preparedness to cope with natural disasters.

At the 21<sup>st</sup> Session of the Conference of Parties to the United Nations Framework Convention on Climate Change (COP21) in Paris in December 2015, countries pledged to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, including by making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

When tentatively comparing the foci of IFI action to date, it may be observed that

- WB concentrates among others on water resources, power lines and power grids;
- EBRD concentrates on water supply, sanitation and renewable energy;
- ADB concentrates on water resources, agriculture and irrigation.

WB often gives loans to state governments, EBRD addresses the private sector and local governments; ADB addresses both.

## Annex 3.

### IFCA “Questions to guide assessment”

This Annex lists the questions presented in EC Guidelines on EU blending operations<sup>63</sup> to assist the Blending project proposal assessment. These questions might provide a good overview of the issues that have to be covered in the IFCA project proposals.

#### 1. Context of the project:

- Is the need of carrying out the project well justified?
- Is the financial gap well justified; is there insufficient funding from market sources?
- Is there compliance with main national/regional policies in the concerned sector or thematic area?
- Is the project consistent with the National/Regional/Continental Development Strategy?
- Is there clear ownership/support of the project from national/regional authorities?

#### 2. Coherence with the policy objectives of the Facility and EU policies:

- Is the project proposal coherent with the policy objectives of the Facility?
- Is the project proposal coherent with the EU policies?
- Are there similar planned or on-going projects in the country/sector? If so, is the coordination mechanisms to be used explained?

#### 3. Consultations before submission:

- How was the EU Delegation involved in the project preparation?
- What kind of consultation process has taken place with the national/regional authorities?
- Have endorsement letters by the Government and the Delegation been provided?

#### 4. Entities involved / Implementation scheme / Organisational set up / Exit Strategy

- Is the information about the entities involved, the organisational set-up, the implementing scheme, the financial structure and the exit strategy clear?

#### 5. Indicative budget – Uses & Sources, detailed description:

- Is the indicative budget and financing plan sufficiently detailed?
- Are the costs realistic and acceptable?
- Does the project financing plan present the appropriate mix of funding and leverage between loans and grants?
- Is a budget for visibility foreseen?

#### 6. Debt sustainability:

- Are there any additional concessionality requirements that need to be considered?

#### 7. Financial Leverage:

- What is the proposed financial leverage?
- Is the proposed leverage sufficient and coherent?

<sup>63</sup> <https://europa.eu/capacity4dev/t-and-m-series/document/guidelines-eu-blending-operations>



## 8. Additionality of the EU contribution:

- Are the expected impact and results of the project and, more specifically, of the EU grant contribution, clearly defined?
- Why is the proposed grant funding necessary for the operation?

## 9. Justification of EU contribution:

- Is the EU grant amount sufficiently substantiated and justified?

## 10. Expected Results:

- Are the indicators sufficiently reflecting the expected outputs and intended outcomes of the project?
- Are the expected results in line with the project objectives?

## 11. Project sustainability:

- According to the application, do you think that the project will be sustainable when grant support expires?
- What measures are foreseen to achieve sustainability?

## 12. Risk Assessment:

- Are the mitigation measures for the risks identified sufficient?
- Are there any additional risks that are not identified in the application? If so, please specify.

## 13. Climate and Environment Rio Markers:

- Is the contribution of the project to climate change mitigation/adaptation clearly demonstrating:
  - **Biological diversity:** at least 1 out of these 3: the conservation of bio-diversity, sustainable use of its components (ecosystems, species or genetic resources), or fair and equitable sharing of the benefits of the utilisation of genetic resources.
  - **Combat desertification:** combating desertification or mitigating the effects of drought in arid, semi-arid and dry sub-humid areas through prevention and/or reduction of land degradation, rehabilitation of partly degraded land, or reclamation of desertified land.
  - **Climate change mitigation:** contributes to the objective of stabilisation of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration.
  - **Climate change adaptation:** intends to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience. This encompasses a range of activities from information and knowledge generation, to capacity development, planning and the implementation of climate change adaptation actions.

## 14. Indicative Project Calendar:

- Are the urgency and maturity of the requested grant contribution consistent with the calendar of the project?

## 15. Description of procurement procedures:

- Are the procurement procedures to be used for the project clear in the application?
- Are these procedures accepted to be equivalent to EC ones?

**16. Monitoring, reporting and evaluation:**

- Is the monitoring, reporting and evaluation clearly described and sufficient?

**17. Visibility:**

- Is a visibility plan proposed?
- Is it in line with EU visibility requirements and does it provide sufficient and clear visibility?

## Annex 4.

### IFCA project implemented so far

**List of IFCA Projects to date** (September 2017)<sup>64</sup>:

- IFCA-01 | **Kazakhstan Sustainable Energy Financing Facility (KazSEFF I + II)**

**Total facility amount:** EUR 5,200,000

The project aims at increasing investments in energy efficiency and renewable energy technologies in Kazakhstan.

- IFCA-02 | **Khujand Energy Loss Reduction project (Sugd)**

**Total facility amount:** EUR 7,000,000

The project aims at improving the energy demand-side management in the Sugd region, the second largest region of Tajikistan, with its main city of Khujand.

- IFCA-03 | **Central Tajik Water Rehabilitation**

**Total facility amount:** EUR 7,200,000

The Central Tajik project objectives are to carry out a priority programme for rehabilitation of the water supply system, and provide maintenance equipment to ensure minimum wastewater service.

- IFCA-04 | **Central Asia Technical Assistance Framework**

**Total facility amount:** EUR 8,300,000

The environmental situation in Central Asia is in many parts unsustainable, with vast amounts of wastewater being discharged directly into the ground.

- IFCA-05 | **Structured Microfinance Fund for Central Asia (MIFA Debt Fund)**

**Total facility amount:** EUR 3,100,000

The MIFA Debt Fund, co-funded by KfW, the German Development Bank, and the International Finance Corporation (IFC), is the first initiative of its size to exclusively target the poor in Asia.

- IFCA-06 | **Kyrgyzstan Sustainable Energy Efficiency Financing Facility (KyrSEFF)**

**Total facility amount:** EUR 7,000,000

The Kyrgyzstan Sustainable Energy Efficiency Financing Facility (KyrSEFF) is designed to help local financial intermediaries support small-scale sustainable energy projects in the region.

- IFCA-07 | **SME Finance Facility for Central Asia**

**Total facility amount:** EUR 11,000,000

This project aims to provide long-term financing to SMEs in Central Asia in order to allow them to invest more in their production capacities and expand their trading activities.

- IFCA-08 | **Framework for Strengthening Municipal Infrastructure in Central Asia - Phase I**

**Total facility amount:** EUR 7,530,000

Tajikistan and the Kyrgyz Republic are undergoing a process of municipal structural reform as a means to improving the delivery of public services.

<sup>64</sup> [https://ec.europa.eu/europeaid/2016-operational-report-ifca-aif-ifp\\_en](https://ec.europa.eu/europeaid/2016-operational-report-ifca-aif-ifp_en) and sources from Anja Nagel, DEVCO

- IFCA-10 | **Framework for Technical Assistance in Kazakhstan**

**Total facility amount:** EUR 3,050,000

The environmental situation in many parts of Kazakhstan is unsustainable, with vast amounts of wastewater being discharged directly into the ground, rivers and lakes.

- IFCA-11 | **Bishkek Solid Waste Project - Phases I and II**

**Total facility amount:** EUR 8,220,000

The Bishkek Solid Waste Project supports the overall improvement of public health of the city's residents, a keystone for development and poverty reduction.

- IFCA-12 | **Improvement of solid waste management system in the City of Samarkand**

**Total facility amount:** EUR 8,250,000

Improvement of solid waste management is a key priority for urban sustainable development of Samarkand, Uzbekistan's second largest city.

- IFCA-14 | **Implementation of Enterprise Growth Programme (EGP) and Business Advisory Services (BAS) in Turkmenistan**

**Total facility amount:** EUR 2,650,000

The project will support the implementation of EBRD's Small Business Support (SBS), which is composed of Enterprise Growth Programme (EGP) and Business Advisory Services (BAS).

- IFCA-15 | **Value Chain Agro Finance**

**Total facility amount:** EUR 5,230,000

The Value Chain Agro Finance project aims to enhance the competitiveness of the agri-food value chain in Kyrgyzstan by increasing the availability of long-term finance in local currency.

- IFCA-16 | **Turkmenistan Project Identification Study**

**Total facility amount:** EUR 1,090,000

The IFCA grant supports the implementation of EBRD Small Business Support (SBS) programme in Turkmenistan, which includes the Enterprise Growth Programme (EGP).

- IFCA-17 | **Tokmok Water Project**

**Total facility amount:** EUR 2,270,000

The purpose of the project is rehabilitation of the water supply and wastewater improvements in the City of Tokmok, with a population of about 55,000 and situated east of Bishkek.

- IFCA-18 | **Osh and Jalalabad Solid Waste Projects**

**Total facility amount:** EUR 9,200,000

The Osh and Jalalabad Solid Waste Projects will finance critical solid waste investments in the Kyrgyz cities of Osh, Jalalabad and their neighbouring municipalities.

- IFCA-20 | **Kyrgyzstan sustainable energy efficiency financing facility - Extension (KyrSEFF II)**

**Total facility amount:** EUR 9,590,000

The initial KyrSEFF I project targeted energy efficiency in the residential and business sectors and was the first attempt to use the Financial Intermediation model to support sustainable energy.

- IFCA-21 | **Oshelectro Rehabilitation Project**

**Total facility amount:** EUR 1,120,000

Oshelectro's operating performance is characterised by a low collection rate and high electricity losses. The company's electricity tariffs are below the long-term cost recovery level.

- IFCA-22 | **Support to the Kyrgyz Republic for Water and Wastewater Investments**  
**Total facility amount:** EUR 15,010,000 + EUR 14,640,000

This programme aims to provide grant co-financing to support projects that will benefit municipalities and their water companies across Kyrgyzstan.

- IFCA-23 | **TA Framework for the implementation of EBRD Infrastructure Projects -Ext.**  
**Total facility amount:** EUR 5,200,000
- IFCA-24 | **Damu – Kyrgyz Republic 2017**  
**Total facility amount:** EUR 2,140,000
- IFCA-25 | **Solid Waste – Tajikistan 2017**  
**Total facility amount:** EUR 7,950,000
- IFCA-26 | **SME Facility - Regional**  
**Total facility amount:** EUR 7,850,000

## Annex 5.

### EIB's Environmental and Social Standards

The **EIB Statement on Environmental and Social Principles and Standards** sets the policy context for the protection of the environment and human well-being. An **EIB Environmental and Social Handbook** provides an operational translation of those standards on over 200 pages grouped across **10 thematic areas**.<sup>65</sup>

#### EIB's ENVIRONMENTAL AND SOCIAL STANDARDS

1. **Assessment and management of environmental and social impacts and risks:** The first standard underscores the importance of managing environmental and social impacts and risks throughout the life of an EIB project through the application of the precautionary principle. The standard's requirements allow for the development of an effective environmental and social management and reporting system that is objective and encourages continual improvements and developments. The standard includes requirements for stakeholder engagement and disclosure throughout the life of the project.
2. **Pollution prevention and abatement:** The objective of the second standard is to avoid and minimise pollution from EIB-supported operations. It outlines a project-level approach to resource efficiency and pollution prevention and control in line with best available techniques and internationally disseminated practices.
3. **Biodiversity and ecosystems:** The objective of the second standard is to avoid and minimise pollution from EIB-supported operations. It outlines a project-level approach to resource efficiency and pollution prevention and control in line with best available techniques and internationally disseminated practices.
4. **Climate-related standards:** The EIB acknowledges the intrinsic value of biodiversity and that its operations may have a potential impact on biodiversity and ecosystems. This standard outlines the approach and measures the promoter has to take to protect and conserve all levels of biodiversity. The standard applies to all habitats (marine and terrestrial) whether or not previously disturbed or legally protected. It focuses on major threats and supports the sustainable use of renewable natural resources and the equitable sharing of benefits from the project's use of natural resources.
5. **Cultural heritage:** Through its projects, the EIB recognises the central role of cultural heritage within individual and collective identity, in supporting sustainable development and in promoting cultural diversity. Consistent with the applicable international conventions and declarations, this standard aims at the identification, management and protection of tangible and intangible cultural heritage that may be affected by project activities. It emphasises the need for the implementation of a "chance-find procedure", which outlines the actions to be taken if previously unknown cultural heritage is encountered.
6. **Involuntary resettlement:** EIB projects sometimes necessitate land acquisition, expropriation and/or restrictions on land use, resulting in the temporary or permanent resettlement of people from their original places of residence or their economic activities or subsistence practices. Standard 6 is rooted in the respect and protection of the rights to property and to adequate housing, and of the standard of living of all affected people and communities. It seeks

<sup>65</sup> <http://www.eib.org/infocentre/publications/all/environmental-and-social-standards-overview.htm> ,  
<http://www.eib.org/infocentre/publications/all/environmental-and-social-principles-and-standards.htm>.

to mitigate any adverse impacts arising from their loss of assets or restrictions on land use. It also aims to assist all affected persons to improve or at least restore their former livelihoods and living standards and adequately compensate for incurred losses.

7. Rights and interests of vulnerable groups: The EIB seeks to protect all vulnerable project-affected individuals and groups, whilst seeking that these populations duly benefit from EIB operations. The standard requires that there is full respect for the dignity, human rights, aspiration, cultures and customary livelihoods of vulnerable groups including indigenous peoples. It requires the free, prior and informed consent of affected indigenous groups.
8. Labour standards: Good labour practices and the use of appropriate codes of conduct are important to ensure the fair treatment, non-discrimination and equality of opportunity of workers. This standard aims at ensuring that promoters of EIB projects comply with the core labour standards of the International Labour Organisation (ILO) and with national labour and employment laws. The standard also requires the establishment, maintenance and improvement of worker-management relationships.
9. Occupational and public health, safety and security: The EIB expects promoters to protect and secure public and occupational health, safety and security and promote the dignity of the affected community in relation to project-related activities, with particular attention to vulnerable groups. The standard also requires promoters to adhere to the international norms and relevant human rights principles when using security services.
10. Stakeholder engagement: As a public institution, the EIB actively promotes the right to access to information, as well as public consultation and participation. Standard 10 requires promoters to uphold an open, transparent and accountable dialogue with all project-affected communities and relevant stakeholders in an effective and appropriate manner. The value of public participation in the decision-making process is stressed throughout the preparation, implementation and monitoring phases of a project. The right to access to remedy, including through grievance resolution, is actively required.

## Annex 6.

### EBRD Environmental and Social Policy

EBRD's **Environmental and Social Policy**<sup>66</sup> dates back to 2008 and was renewed in May 2014 and includes "Integrating environmental and social considerations into the project cycle" (Section C on page 3).

As item 36 on page 5, it lists the following **10 Performance Requirements (PRs)** that are then provided in much more detail (several pages per PR) in the appendix on page 11ff (extracts included below).<sup>66</sup>

36 Projects are expected to meet good international practice (GIP) related to environmental and social sustainability.

To help clients and/or their projects achieve this, the EBRD has defined specific PRs for key areas of environmental and social sustainability as listed below, including their objectives.<sup>67</sup>

- **PR 1 – Assessment and Management of Environmental and Social Impacts and Issues:** identify and evaluate environmental and social impacts and issues of the project; adopt a mitigation hierarchy approach to address adverse environmental or social impacts and issues to workers, affected communities, and the environment from project activities; promote improved environmental and social performance of clients through the effective use of management systems; develop an Environmental and Social Management System (ESMS) tailored to the nature of the project, for assessing and managing environmental and social issues and impacts in a manner consistent with relevant PRs.
- **PR 2 – Labour and Working Conditions:** respect and protect the fundamental principles and rights of workers; promote the decent work agenda, including fair treatment, non-discrimination and equal opportunities of workers; establish, maintain and improve a sound worker-management relationship; promote compliance with any collective agreements to which the client is a party, national labour and employment laws; protect and promote the safety and health of workers, especially by promoting safe and healthy working conditions; prevent the use of forced labour and child labour (as defined by the ILO) as it relates to project activities.
- **PR 3 – Resource Efficiency, Pollution Prevention and Control:** identify project-related opportunities for energy, water and resource efficiency improvements and waste minimisation; adopt the mitigation hierarchy approach to addressing adverse impacts on human health and the environment arising from the resource use and pollution released from the project; promote the reduction of project-related greenhouse gas emissions.
- **PR 4 – Health and Safety:** protect and promote the safety and health of workers by ensuring safe and healthy working conditions and implementing a health and safety management system, appropriate to the relevant issues and risks associated with the project; anticipate, assess, and prevent or minimise adverse impacts on the health and safety of project-affected communities and consumers during the project life cycle from both routine and non-routine circumstances.

<sup>66</sup> <https://www.ebrd.com/downloads/research/policies/esp-final.pdf><http://www.ebrd.com/downloads/policies/pip/pipe.pdf>

<sup>67</sup> Direct investment projects must meet PRs 1 to 8 and 10; FI projects must meet PRs 2, 9 and the occupational health and safety requirements of PR 4. Each PR defines, in its objectives, the desired outcomes, followed by specific requirements for projects to help clients achieve these outcomes. Compliance with relevant national law is an integral part of all PRs.



- **PR 5 – Land Acquisition, Involuntary Resettlement and Economic Displacement:** avoid or, when unavoidable, minimise, involuntary resettlement by exploring alternative project designs; mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons' use of and access to assets and land by: (i) providing compensation for loss of assets at replacement cost, and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected; restore or, where possible, improve the livelihoods and standards of living of displaced persons to pre-displacement levels; improve living conditions among physically displaced persons through the provision of adequate housing, incl. security of tenure at resettlement sites.
- **PR 6 – Biodiversity Conservation and Sustainable Management of Living Natural Resources:** protect and conserve biodiversity using a precautionary approach; adopt the mitigation hierarchy approach, with the aim of achieving no net loss of biodiversity, and where appropriate, a net gain of biodiversity; promote good international practice (GIP) in the sustainable management and use of living natural resources.
- **PR 7 – Indigenous Peoples:** to ensure that the transition process fosters full respect for the dignity, human rights, aspirations, cultures and natural resource-based livelihoods of Indigenous Peoples – [and 8 other specific objectives with presumably less relevance to CA].
- **PR 8 – Cultural Heritage:** support the protection and conservation of cultural heritage; adopt the mitigation hierarchy approach to protecting cultural heritage from adverse impacts arising from the project; promote the equitable sharing of benefits from the use of cultural heritage in business activities; promote the awareness and appreciation of cultural heritage where possible.
- **PR 9 – Financial Intermediaries (FIs):** enable the FIs to manage environmental and social risks associated with their business activities and to promote good environmental and social business practices among their clients; establish a practical way in which the FIs can promote and achieve environmentally and socially sustainable business practices consistent with this PR through their investments, in line with good international practice in the commercial financial sector; promote good environmental and human resource management within the FIs.
- **PR 10 – Information Disclosure and Stakeholder Engagement:** outline a systematic approach to stakeholder engagement that will help clients build and maintain a constructive relationship with their stakeholders, in particular the directly affected communities; promote improved environmental and social performance of clients through effective engagement with the project's stakeholders; promote and provide means for adequate engagement with affected communities throughout the project cycle on issues that could potentially affect them and to ensure that meaningful environmental and social information is disclosed to the project's stakeholders; ensure that grievances from affected communities and other stakeholders are responded to and managed appropriately.

## Annex 7.

### KfW's Sustainability concept

#### *KfW's Sustainability concept*

The bank<sup>68</sup> defines its sustainability principles that apply in general for all KfW business areas and subsidiary companies. They are detailed in specific guidelines and apply throughout the KfW organisation as well as for all projects and investments. This way KfW guarantees a sustainable approach for all funded projects worldwide and avoids risks for people and the environment.

The projects and programmes of KfW Development Bank help people in partner countries gain access to clean drinking water and sufficient food. They improve the standards of medical care, education, social security and access to sustainable energy. What is more, they offer solutions for climate change, resource shortages and threats to biodiversity all whilst increasing use of land and resources in view of rising population numbers. This goes hand in hand with changes in economic and social structures.

To drive this change forward towards a “green economy”, it is also important to spread the use of eco-friendly technologies in partner countries. In this context, KfW provides effective, efficient and targeted solutions with its projects that meet sustainability criteria and with its specific development approaches.

Furthermore, KfW Development Bank pursues the objective of actively supporting the implementation of international human rights with the instruments at its disposal to do so. In this regard the KfW Group has issued a declaration on human rights in its business operations.<sup>69</sup>

#### *KfW Sustainability Guidelines*

The KfW Sustainability Guidelines<sup>69</sup> inform that based on its Statement on Environmental Protection and Sustainable Development to the German parliament, KfW Group has introduced a set of sustainability policies that are aligned with the sustainability strategy of the German Federal Government.

A guide on how to include aspects of sustainability in public procurement procedures for Financial Cooperation projects<sup>70</sup> provides **detailed principles** for its measures to be financed:

- to avoid, reduce or limit environmental pollution and environmental damage including climate-damaging emissions and pollution;
- to preserve and protect biodiversity and tropical rainforests and to sustainably manage natural resources;
- to consider probable and foreseeable impacts of climate change including utilising the potential to adapt to climate change. In this context climate change is understood as climate variability and long-term climate change;

<sup>68</sup> [https://www.kfw.de/PDF/Download-Center/Konzernthemen/KfW-im-Überblick/GP\\_2014\\_deutsch\\_112014\\_final-2.pdf](https://www.kfw.de/PDF/Download-Center/Konzernthemen/KfW-im-Überblick/GP_2014_deutsch_112014_final-2.pdf)

<sup>69</sup> [https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie\\_EN.pdf](https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf)

<sup>70</sup> <https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Toolbox-zur-Nachhaltigen-Auftragsvergabe-EN.pdf>

- to avoid adverse impacts upon the living conditions of communities, in particular indigenous people and other vulnerable groups, as well as to ensure the rights, living conditions and values of indigenous people;
- to avoid and minimise involuntary resettlement and forced eviction of people and their living space as well as to mitigate adverse social and economic impacts through changes in land use by reinstating the previous living conditions of the affected population;
- to ensure and support health protection at work and the occupational health and safety of people working within the framework of a FC measure;
- to condemn forced labour and child labour, ban discrimination in respect of employment as well as occupation and support the freedom of association and the right to collective bargaining;
- to protect and preserve cultural heritage;
- to support the executing agency in the management and monitoring of possible adverse environmental, social and climate impacts as well as risks within the framework of the implement FC measure.

Financing of coal-fired power stations is subject to the latest version of the "KfW Group guidelines on the financing of coal-fired power plants." Nuclear energy is not supported, due to its risks.

Luxury goods, environmentally damaging goods, technologies and systems for military purposes are not eligible for support.<sup>71</sup>

### **Environmental and Social Due Diligence (ESDD) and Climate Assessment**

The objective of the **Environmental and Social Due Diligence (ESDD)** and **Climate Assessments** is to anticipate and appraise any foreseeable impacts and risks a FC measure may have on the environment, social factors (including human rights) and the climate. Both are a core element of the assessment procedure of KfW Development Bank (Details see in the Sustainability Guideline). This includes an appraisal of the project's environmental and social management system (**ESMS**).

### **Environmental and social compatibility**

Environmental and social impacts as well as sustainability are key principles for the promotion and development activity at KfW Development Bank. The sustainability guidelines are compulsory and embedded into the processes of the entire business area. These guidelines form the basis for the integrated environmental, climate and social impact assessment (**ESIA**) that every new project and follow-up project of the development bank is subject to, depending on the risk category.

Generally speaking, KfW Development Bank only promotes projects that do not have a negative impact on the environment, the climate and social issues at all, or only to a justifiable extent. Projects and programmes that are likely to have unacceptable effects are already ruled out during the early planning phase.

Against a background of rising climate risks and the growing number of ways to reduce greenhouse gas emissions, KfW supplemented its existing ESIA guidelines with a systematic climate change assessment. This examines whether flooding, lengthy droughts or other impacts of climate change could jeopardise a project. Positive impacts of a project with regard to cutting down on CO<sub>2</sub> emissions for the benefit of our climate can also be optimised in the planning phase.<sup>72 73</sup>

<sup>71</sup> [https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie\\_EN.pdf](https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Nachhaltigkeitsrichtlinie_EN.pdf)

<sup>72</sup> [https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Flyer/Verfahrensflyer\\_EN.pdf](https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Flyer/Verfahrensflyer_EN.pdf)

## Principles for Responsible Investment<sup>74</sup>

The United Nations-backed Principles for Responsible Investment (PRI) are in essence a set of global best practices for responsible investment. They reflect the view that environmental, social and governance (ESG) issues increasingly affect the performance of investment portfolios.

The 6 principles of the UN initiative “Principles for Responsible Investment” (PRI) are:

1. KfW will incorporate ESG issues into investment analysis and decision-making processes.
2. KfW will be active owners and incorporate ESG issues into its ownership policies and practices.
3. KfW will seek appropriate disclosure on ESG issues by the entities in which KfW invests.
4. KfW will promote acceptance and implementation of the Principles within the investment industry.
5. KfW will work together to enhance its effectiveness in implementing the Principles.
6. KfW will report on its activities and progress towards implementing the Principles.

## The Environmental, Social and Governance (ESG) criteria

KfW uses taking into consideration a variety of individual criteria, which are grouped into the ESG criteria (Environment, Social und Governance)<sup>75</sup>. Additionally, KfW has exclusion criteria<sup>76</sup>.

### A: ESG criteria for *non-governmental* issuers

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#### Environment

- Formal environmental policy
- Environmental management system
- Programmes and targets to reduce GHG emissions
- Programmes and targets to increase renewable energy use
- Carbon intensity trend
- % primary energy use from renewables
- Environmental & social standards in credit and loan business
- Sustainable financial services

#### Social

- Policy on freedom of association
- Formal policy on the elimination of discrimination
- Programmes to increase workforce diversity
- Employee turnover rate
- Activities in sensitive countries
- Employee incidents
- Collective bargaining agreements

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<sup>73</sup> <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Tasks-and-goals/Unsere-Arbeitsweise/>

<sup>74</sup> [https://www.kfw.de/nachhaltigkeit/KfW-Group/Sustainability/Sustainable-Banking-Operations/Sustainable-Investment/Principles-for-Responsible-Investment-\(PRI\)/](https://www.kfw.de/nachhaltigkeit/KfW-Group/Sustainability/Sustainable-Banking-Operations/Sustainable-Investment/Principles-for-Responsible-Investment-(PRI)/)

<sup>75</sup> <https://www.kfw.de/nachhaltigkeit/KfW-Group/Sustainability/Sustainable-Banking-Operations/Sustainable-Investment/KfWs-Sustainable-Investment-Approach/Integration-of-ESG-Criteria/>

<sup>76</sup> <https://www.kfw.de/nachhaltigkeit/KfW-Group/Sustainability/Sustainable-Banking-Operations/Sustainable-Investment/KfWs-Sustainable-Investment-Approach/Exclusion-Criteria/>

## Governance

- Policy on bribery and corruption
- Whistleblower programmes
- Signatory to UN Principles for responsible Investment
- ESG reporting standards
- Policy on money laundering
- Disclosure of directors' remuneration
- Board independence
- In-house team dedicated to responsible investment/finance

## B: ESG criteria for *sovereign* issuers

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### Environment

- Land degradation
- Air pollution
- Trend on reduction of the total annual CO<sub>2</sub> emissions
- Percentage of energy from renewable sources
- Coal use
- Ocean health
- Water productivity
- Risk exposure to natural disasters

### Social

- Education
- Infant mortality
- Food security
- Level of peace
- Gender equality
- Income equality
- Child labour
- Political rights
- Youth unemployment

### Governance

- Voice and accountability
- Rule of Law
- Government effectiveness
- Regulatory quality
- Agricultural regulation
- Habitat protection
- Sustainable energy
- Expenditure on education and healthcare
- Treaties and conventions

## C: Exclusion criteria for non-governmental issuers

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- Production or activities involving harmful or exploitative forms of forced labour or child labour as defined in the ILO core labour standards.
- Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances and other hazardous substances that are subject to international bans.
- Trade in animals or animal products that are subject to the provisions of CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora).
- Production of cosmetics etc. involving testing on animals.
- Commercial logging operations for use in primary tropical moist forests.
- Production of wood or wood products other than from sustainably managed forests (enterprises with less than 50% FSC-certified production are excluded, FSC – Forest Stewardship Council).
- Production or trade in controversial weapons or important components for the production of controversial weapons (anti-personnel mines, biological and chemical weapons, cluster bombs, radioactive ammunition, nuclear weapons).
- Production or trade in tobacco.
- Drift net fishing in the marine environment using nets in excess of 2.5 kilometres in length.
- Controversial forms of gambling: operation of casinos, production of devices or other equipment for casinos or betting offices or companies that generate turnover via online betting. (So-called "short odds" are defined as "controversial forms of gambling").
- Any business activity involving pornography.
- Production or distribution of racist, anti-democratic and/or neo-Nazi media.

A detailed report “toolbox for sustainable procurement” adds more support.<sup>77</sup>

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<sup>77</sup> <https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Toolbox-zur-Nachhaltigen-Auftragsvergabe-EN.pdf>

## Annex 8.

### World Bank (WB) focus sectors<sup>78</sup>

#### Agriculture, fishing, and forestry

Agricultural extension and research	Crops
Irrigation and drainage	Public Administration - Agriculture, Fishing & Forestry
Forestry	General agriculture, fishing and forestry sector

#### Public Administration, Law, and Justice

Central government administration	Law and justice
Sub-national government administration	General public administration sector

#### Information and communications

Public Administration - Information and Communications Technologies	ICT Infrastructure
ICT Services	General information and communications sector

#### Education

Pre-primary education	Public Administration - Education
Adult literacy/non-formal education	Primary education
Secondary education	Tertiary education
Workforce Development/Skills	General education sector

#### Finance

Banking	Non-compulsory pensions and insurance
Capital markets	Other non-bank financial intermediaries
Public Administration - Financial Sector	

#### (Historic) Health, Nutrition & Population

Public Administration - Health	Health
Health Facilities and Construction	

<sup>78</sup> <http://projects.worldbank.org/sector>

## Energy and mining

Oil and gas	Large Hydropower
Renewable Energy Geothermal	Coal Mining
Non-Renewable Energy Generation	Public Administration - Energy and Extractives
Transmission and Distribution of Electricity	Renewable Energy Solar
Renewable Energy Wind	General energy sector

## (Historic) Social Protection

Public Administration - Social Protection
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## Transportation

Urban Transport	Public Administration - Transportation
Rural and Inter-Urban Roads and Highways	Ports, waterways and shipping
Aviation	Railways
General transportation sector	

## Water, sanitation and flood protection

Sanitation	Solid waste management
Water supply	Public Administration - Water, Sanitation and Waste Management
General water, sanitation and flood protection sector	

## Industry and trade

Agro-industry, marketing, and trade	Public Administration - Industry, Trade and Services
Housing Construction	Manufacturing
Services	Tourism
Other domestic and international trade	General industry and trade sector

## Agriculture, fishing, and forestry

Agricultural extension and research	Crops
Irrigation and drainage	Public Administration - Agriculture, Fishing & Forestry
Forestry	General agriculture, fishing and forestry sector

## Public Administration, Law, and Justice

Central government administration	Law and justice
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Sub-national government administration

General public administration sector

### Information and communications

Public Administration - Information and Communications Technologies

ICT Infrastructure

ICT Services

General information and communications sector

### Education

Pre-primary education

Public Administration - Education

Adult literacy/non-formal education

Primary education

Secondary education

Tertiary education

Workforce Development/Skills

General education sector

### Finance

Banking

Non-compulsory pensions and insurance

Capital markets

Other non-bank financial intermediaries

Public Administration - Financial Sector

### (Historic) Health, Nutrition & Population

Public Administration - Health

Health

Health Facilities and Construction

### Energy and mining

Oil and gas

Large Hydropower

Renewable Energy Geothermal

Coal Mining

Non-Renewable Energy Generation

Public Administration - Energy and Extractives

Transmission and Distribution of Electricity

Renewable Energy Solar

Renewable Energy Wind

General energy sector

### (Historic) Social Protection

Public Administration - Social Protection

### Transportation

Urban Transport

Public Administration - Transportation

Rural and Inter-Urban Roads and Highways

Ports, waterways and shipping

Aviation

Railways

General transportation sector

## Water, sanitation and flood protection

Sanitation

Solid waste management

Water supply

Public Administration - Water, Sanitation and Waste Management

General water, sanitation and flood protection sector

## Industry and trade

Agro-industry, marketing, and trade

Public Administration - Industry, Trade and Services

Housing Construction

Manufacturing

Services

Tourism

Other domestic and international trade

General industry and trade sector

## Annex 9.

### World Bank (WB) Environmental and Social Standards (ESS)

In August 2016, the Environmental and Social Policies for WB Projects led to the adoption of a new set of environment and social policies called the **Environmental and Social Framework (ESF)**, containing ten elaborate **Environmental and Social Standards (ESS)**.<sup>79</sup>

- **ESS1: Assessment and Management of Environmental and Social Risks and Impacts:** ESS1 sets out the *Borrower's* responsibilities for assessing, managing and monitoring environmental and social risks and impacts *associated with each stage* of a project supported by the Bank through Investment Project Financing, in order to achieve environmental and social outcomes consistent with the Environmental and Social Standards (ESSs). ESS1 *includes* an Environmental and Social Assessment, an Environmental and Social Commitment Plan; and Management of Contractors.
- **ESS2: Labour and Working Conditions:** ESS2 recognises the importance of employment creation and *income generation* in the pursuit of poverty reduction and *inclusive* economic growth. Borrowers can promote sound worker-management *relationships* and enhance the development benefits of a project by treating workers in the project *fairly* and providing safe and *healthy* working conditions. ESS2 includes *non-discrimination* and *equal opportunity*, *worker's organisations*, protection regarding *child labour* and minimum age, and Occupational Health and Safety (OHS).
- **ESS3: Resource Efficiency and Pollution Prevention and Management:** ESS3 recognises that economic activity and urbanisation often generate *pollution to air, water, and land*, and consume *finite resources* that may *threaten people, ecosystem services* and the *environment* at the local, regional, and global levels. The current and projected atmospheric concentration of *greenhouse gases* (GHG) threatens the welfare of current and future generations. At the same time, more *efficient and effective resource use*, pollution prevention and GHG emission *avoidance*, and *mitigation* technologies and practices have become more accessible and achievable. ESS3 includes resource efficiency (water, energy, material), air pollution and pesticides.
- **ESS4: Community Health and Safety:** ESS4 recognises that project activities, equipment, and infrastructure can increase *community exposure to risks and impacts*. In addition, communities that are already subjected to impacts from climate change may also experience an acceleration or intensification of impacts due to project activities. ESS4 includes ecosystem services, *community exposure to health issues*, infrastructure and equipment design and safety, especially for *water dams*.
- **ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement:** ESS5 recognises that *project-related land acquisition* and *restrictions on land use* can have adverse impacts on communities and persons. Project-related land acquisition or restrictions on land use may cause *physical displacement* (relocation, loss of residential land or loss of shelter), *economic displacement* (loss of land, assets or access to assets, leading to loss of income sources or other means of livelihood), or both. The term "*involuntary resettlement*" refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.

<sup>79</sup> <https://policies.worldbank.org/sites/ppf3/PPFDocuments/Forms/DispPage.aspx?docid=4299690b-e96c-44a1-9117-8c7bc51dde70http://documents.worldbank.org/curated/en/383011492423734099/pdf/114278-REVISED-Environmental-and-Social-Framework-Web.pdf..>

- **ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources:** ESS6 recognises that protecting and conserving biodiversity and sustainably managing living natural resources are fundamental to *sustainable development*. *Biodiversity* is defined as the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems. Biodiversity often underpins *ecosystem services valued by humans*. Impacts on biodiversity can therefore often adversely affect the delivery of ecosystem services.
- **ESS7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities:** Such terms include “indigenous ethnic minorities,” “vulnerable and marginalized groups”, or “minority nationalities”.
- **ESS8: Cultural Heritage:** ESS8 recognises that cultural heritage provides continuity in tangible and intangible forms between the past, present and future. People *identify with cultural heritage* as a reflection and expression of their *constantly evolving values*, beliefs, knowledge and traditions. Cultural heritage, in its many manifestations, is important as a source of valuable scientific and historical information, as an *economic and social asset* for development, and as an integral part of people’s *cultural identity* and practice. ESS8 sets out measures designed to protect cultural heritage throughout the project life cycle.
- **ESS9: Financial Intermediaries:** ESS9 recognises that *strong domestic capital* and *financial markets* and *access to finance* are important for economic development, growth and poverty reduction. The Bank is committed to *supporting sustainable financial sector development* and enhancing the role of *domestic capital* and financial markets.
- **ESS10: Stakeholder Engagement and Information Disclosure:** This ESS recognises the importance of *open and transparent engagement* between the Borrower and project stakeholders as an essential element of good international practice. *Effective stakeholder engagement* can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation. ESS10 (and other ESS) include the respective *grievance mechanisms*.

The *ESF* (= the recent environmental & social QA system: adopted on 4.8.2016, starting in 2018) will incrementally replace the *Safeguard Policies* (= the earlier one); the two will operate in parallel for about seven years to govern projects approved before and after the date the *ESF* starts to be applied.<sup>79</sup>

## Annex 10.

### Asian Development Bank (ADB) focus areas<sup>80</sup>

INFRASTRUCTURE	
<b>Energy</b>	Energy demand is projected to almost double in the Asia and Pacific region by 2030. There is an urgent need for innovative ways to generate power in a socially, economically, and environmentally sustainable manner.
<b>Information and Communications Technology</b>	Rapid advances in information and communications technology (ICT) have created tremendous opportunities for economic and social gains in the world's poorest areas. A key infrastructure of knowledge-based economies, ICT is a driving force for rapidly growing new sectors.
<b>Transport</b>	Asian countries need sustainable transport systems – trains, buses, ferries, bike paths – that move people in a low-carbon, safe, accessible, and affordable way.
<b>Urban Development</b>	Cities generate over 80% of gross domestic product (GDP) in many countries of the Asia and the Pacific and are engines of economic growth that have lifted millions from poverty. But as they swell in size and number they are under increasing strain.
<b>Water</b>	Water is one of our most precious resources, but it is threatened by growth, misuse, and pollution. In Asia and the Pacific, many countries are in a water crisis and the demand for water is huge and growing.
OTHER FOCUS AREAS	
<b>Agriculture and Food Security</b>	ADB's efforts and strategy to achieve food security in the region emphasizes on the integration of agricultural productivity, market connectivity, and resilience against shocks and climate change impacts as the three pillars to achieve sustainable food security.
<b>Climate Change and Disaster Risk Management</b>	Meeting the growing demand for energy and natural resources is destabilising our climate, and threatening the development of Asia and the Pacific. The poor are particularly vulnerable to these changes and are already suffering from rising sea levels and increasingly devastating storms, droughts, and floods.
<b>Education</b>	Most developing countries in Asia and the Pacific have earned high marks for a dramatic rise in primary education enrolment rates in the last three decades, but daunting challenges remain, threatening economic and social growth.
<b>Environment</b>	Environmental sustainability is a prerequisite for economic growth and poverty reduction in Asia and the Pacific. ADB's long-term strategic framework for 2008-2020 identifies environmentally sustainable growth as a key strategic development agenda, and environment as a core area for support.
<b>Finance Sector Development</b>	ADB has been supporting Financial Sector Development of developing member countries in the Asia and Pacific region in many ways. Financial sector operations since 1966 have accounted for about 10% of total ADB operations.
<b>Gender and Development</b>	Gender equality and women's empowerment are essential for meeting Asia's aspirations of inclusive and sustainable development. Gender equality needs to be pursued in its own right for a just and equal society, and for better development outcomes.

<sup>80</sup> <https://www.adb.org/focus-areas>

<b>Governance and Public Management</b>	Poor governance holds back and distorts the process of development, and has a disproportionate impact on the poorer and weaker sections of society. Assisting developing countries in improving governance is therefore a strategic priority of ADB in its work to eliminate poverty in Asia and the Pacific.
<b>Health</b>	Health is a human right and is essential to development. Good health improves learning capacity, worker productivity, and income. ADB is committed to improving health in Asia and the Pacific by supporting better governance and spending, infrastructure development, and regional collaboration to control communicable diseases.
<b>Public-Private Partnerships (PPP)</b>	Public-private partnerships can play an important role in addressing infrastructure needs in developing Asia and the Pacific.
<b>Regional Cooperation and Integration</b>	Regional cooperation and integration (RCI) is a process by which national economies become more interconnected regionally. RCI plays a critical role in accelerating economic growth, reducing poverty and economic disparity, raising productivity and employment, and strengthening institutions.
<b>Social Development and Poverty</b>	Despite substantial improvements in living standards across Asia and the Pacific, hundreds of millions are still excluded from the benefits of rapid economic growth. The region needs social development programs to reduce poverty, inequality, and vulnerability among the poor.
<b>Sustainable Development Goals</b>	In September 2015, world leaders adopted the 2030 Agenda for Sustainable Development, which includes a set of 17 Sustainable Development Goals (SDGs) to end poverty, fight inequality, and tackle climate change by 2030. ADB supports its member countries in achieving the SDGs through investment in human needs, infrastructure, and cross-border public goods.

## Annex 11.

### Asian Development Bank (ADB) Environmental and Social Criteria

The environmental and social quality criteria at ADB are best described through the so-called “safeguards”<sup>81</sup> that are used by ADB. According to its “PCB Handbook”,<sup>82</sup> they are referred to in the cycle stage “preparation”. These documents prepared in 2009 include primarily a “**Safeguard Policy Statement** (SPS)”<sup>83</sup> including “Environment Operational Directions 2013–2020”,<sup>84</sup> a “Social Protection Operational Plan 2014–2020”<sup>85</sup> and a “Social Protection Strategy”,<sup>86</sup> as well also “Access to Information”<sup>87</sup> and an “Accountability Mechanism”<sup>88</sup> are provided by ADB. Relevant key aspects follow.

ADB’s “Environment Operational Directions 2013–2020”<sup>84</sup> state (page v):

To promote the transition to green growth, and address the causes and consequences of climate change, four mutually supportive environment operational directions have been identified:

- Promoting a shift to **sustainable infrastructure**, including clean energy (page 4) and sustainable water management (p. 5)
- Investing in **natural capital**, including Integrated water resources management (p.8)
- Strengthening **environmental governance** and management capacity, including Policy and incentive frameworks (p.10)
- Responding to the **climate change imperative**, incl. GHG emissions mitigation (p.12).

To support these operational directions, “supporting modalities” are defined which include “**Promoting Regional Cooperation**” (p. 15) and “**Building and Maintaining Strategic Partnerships**” (p. 16) including notably NGOs.

This report<sup>84</sup> also provides “Guidelines for Classifying Projects with Environmental Sustainability as a Theme” to ensure consistent application of the criteria for classifying projects for environmental sustainability (p.27).

The “**Results Framework, 2013–2020**” (p. 19, 29-33) for the Environment Operational Directions (mentioned above) will guide operations over the period 2013–2020 and progress in these will be monitored by ADB. They come closest (among all information retrieved until now) to “**environmental project criteria**” which are actually searched for by the present Guide (and were actually hinted at by an ADB official in May 2017) and include:

- Improved energy efficiency and greater use of renewable energy;

<sup>81</sup> <https://www.adb.org/site/safeguards/overview>

<sup>82</sup> <https://www.adb.org/sites/default/files/page/82563/project-cycle.pdf>

<sup>83</sup> <https://www.adb.org/sites/default/files/institutional-document/32056/safeguard-policy-statement-june2009.pdf>

<sup>84</sup> <https://www.adb.org/documents/environment-operational-directions-2013-2020> and

<https://www.adb.org/sites/default/files/institutional-document/33869/environment-operational-directions-2013-2020.pdf>

<sup>85</sup> <https://www.adb.org/documents/social-protection-operational-plan-2014-2020>,

<https://www.adb.org/sites/default/files/institutional-document/42704/files/social-protection-operational-plan.pdf>

<sup>86</sup> <https://www.adb.org/documents/social-protection-strategy>, <https://www.adb.org/sites/default/files/institutional-document/32100/social-protection.pdf>

<sup>87</sup> <https://www.adb.org/site/disclosure/main>

<sup>88</sup> <https://www.adb.org/site/accountability-mechanism/main>

- Increased use of environmentally sustainable transport systems through “avoid–shift–improve” approach;
- Improved water security and enhanced water efficiency and productivity;
- Increased levels of inclusive urban economic growth and poverty reduction with fewer global and local environmental impacts;
- Improved resilience of urban and rural infrastructure to climate change impacts;
- Improved regional trends in reducing land and forest degradation and in sustainable coastal and marine resources management;
- Accelerated and expanded implementation of integrated water resources management (IWRM), delivering improved water security and enhanced efficiency and productivity;
- Improved availability of, and access to, adequate and safe food for Asia’s poor and vulnerable in a sustainable manner;
- National-level governance for environment and climate change strengthened
- Country-level environmental assessment capacity strengthened;
- Regional capacity to address transboundary environmental challenges strengthened;
- Disaster and climate risk management capacities improved at the country level.

Further environmental and social quality criteria might presently be under development at ADB. At present, no such clear single and recent document (as for WB) could be retrieved for ADB yet.

The text coming closest to environmental criteria is the “environmental safeguards” pasted in overleaf.

### **Environmental Safeguards**

**Objectives:** To ensure the environmental soundness and sustainability of projects and to support the integration of environmental considerations into the project decision-making process.

#### **Policy Principles**

1. Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment so that appropriate studies are undertaken commensurate with the significance of potential impacts and risks.
2. Conduct an environmental assessment for each proposed project to identify potential direct, indirect, cumulative, and induced impacts and risks to physical, biological, socioeconomic (including impacts on livelihood through environmental media, health and safety, vulnerable groups, and gender issues), and physical cultural resources in the context of the project’s area of influence. Assess potential transboundary and global impacts, including climate change. Use strategic environmental assessment where appropriate.
3. Examine alternatives to the project’s location, design, technology, and components and their potential environmental and social impacts and document the rationale for selecting the particular alternative proposed. Also consider the no project alternative.
4. Avoid, and where avoidance is not possible, minimize, mitigate, and/or offset adverse impacts and enhance positive impacts by means of environmental planning and management. Prepare an environmental management plan (EMP) that includes the proposed mitigation measures, environmental monitoring and reporting requirements, related institutional or organizational arrangements, capacity development and training measures, implementation schedule, cost estimates, and performance indicators. Key considerations for EMP preparation include



mitigation of potential adverse impacts to the level of no significant harm to third parties, and the polluter pays principle.

5. **Carry out meaningful consultation with affected people** and facilitate their informed participation. Ensure women's participation in consultation. Involve stakeholders, including affected people and concerned nongovernment organizations, early in the project preparation process and ensure that their views and concerns are made known to and understood by decision makers and taken into account. Continue consultations with stakeholders throughout project implementation as necessary to address issues related to environmental assessment. Establish a grievance redress mechanism to receive and facilitate resolution of the affected people's concerns and grievances regarding the project's environmental performance.
6. **Disclose a draft environmental assessment** (including the EMP) in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected people and other stakeholders. Disclose the final environmental assessment, and its updates if any, to affected people and other stakeholders.
7. **Implement the EMP and monitor its effectiveness.** Document monitoring results, including the development and implementation of corrective actions, and disclose monitoring reports.
8. **Do not implement project activities in areas of critical habitats**, unless (i) there are no measurable adverse impacts on the critical habitat that could impair its ability to function, (ii) there is no reduction in the population of any recognized endangered or critically endangered species, and (iii) any lesser impacts are mitigated. If a project is located within a legally protected area, implement additional programs to promote and enhance the conservation aims of the protected area. In an area of natural habitats, there must be no significant conversion or degradation, unless (i) alternatives are not available, (ii) the overall benefits from the project substantially outweigh the environmental costs, and (iii) any conversion or degradation is appropriately mitigated. Use a precautionary approach to the use, development, and management of renewable natural resources.
9. **Apply pollution prevention and control technologies** and practices consistent with international good practices as reflected in internationally recognized standards such as the World Bank Group's Environmental, Health and Safety Guidelines. Adopt cleaner production processes and good energy efficiency practices. Avoid pollution, or, when avoidance is not possible, minimize or control the intensity or load of pollutant emissions and discharges, including direct and indirect greenhouse gases emissions, waste generation, and release of hazardous materials from their production, transportation, handling, and storage. Avoid the use of hazardous materials subject to international bans or phase outs. Purchase, use, and manage pesticides based on integrated pest management approaches and reduce reliance on synthetic chemical pesticides.
10. **Provide workers with safe and healthy working conditions** and prevent accidents, injuries, and disease. Establish preventive and emergency preparedness and response measures to avoid, and where avoidance is not possible, to minimize, adverse impacts and risks to the health and safety of local communities.
11. **Conserve physical cultural resources** and avoid destroying or damaging them by using field-based surveys that employ qualified and experienced experts during environmental assessment. Provide for the use of "chance find" procedures that include a pre-approved management and conservation approach for materials that may be discovered during project.

## Annex 12.

### Asian Infrastructure Investment Bank (AIIB)

### Environmental and Social Framework<sup>89</sup>

In February 2016, AIIB issued a document of 57 pages including the following 12 requirements (A - L) and three Environmental and Social Standards (ESS 1 - ESS 3) to be included in the project process:<sup>90</sup>

#### *Twelve Requirements (A to L):*

**A. Screening and Categorization:** The Bank screens and categorizes each proposed Project to determine the nature and level of the required environmental and social review, type of information disclosure and stakeholder engagement for the Project. The categorization takes into consideration the nature, location, sensitivity and scale of the Project, and is proportional to the significance of its potential environmental and social risks and impacts.

**B. Environmental and Social Due Diligence:** The Bank conducts environmental and social due diligence, as an integral element of its appraisal of the Project, and in a manner that is: (a) appropriate to the nature and scale of the Project; and (b) proportional to the level of the Project's potential environmental and social risks and impacts.

**C. Environmental and Social Assessment:** Generally, the Bank requires the Client to adopt an integrated approach to the process of assessment, given the complex interrelationships of environmental and social risks and impacts in both public- and private-sector Projects.

**D. Assessment Documentation and Instruments:** The Bank ensures that the Client prepares appropriate environmental and social assessment documents.

**E. Environmental and Social Management Plan (EMSP):** Once the Client has identified the Project's risks and impacts through the environmental and social assessment, the Bank requires it to develop the measures to manage and mitigate the impacts and reflect them in an ESMP, all as required under ESS 1.

**F. Environmental and Social Management Planning Framework (ESMPF):** The Bank requires the Client to use an ESMPF if: (a) the Project consists of a program or series of activities whose details are not yet identified at the time the Project is approved by the Bank; or (b) if the Bank authorizes the Client to use a phased approach in accordance with Section G below.

**G. Special Circumstances:** In exceptional circumstances, duly justified by the Client, the Bank may determine that the timing of the Client's environmental and social assessment of identified activities under the Project, and the timing of the Bank's environmental and social due diligence and the Client's environmental and social assessment, may follow a phased approach that takes place following the Bank's approval of the Project. [...]

**H. Use of Country and Corporate Systems:** The Bank may, if requested, decide to offer the Client (whether public or private) the option to use all or part of the Client's existing environmental and

<sup>89</sup> <https://www.aiib.org/en/policies-strategies/framework-agreements/environmental-social-framework.html>

<https://www.aiib.org/en/policies-strategies/download/environment-framework/20160226043633542.pdf>

<sup>90</sup> <https://www.aiib.org/en/projects/process/index.html>

social management system for all or part of the Project, on the basis of detailed criteria following [...].

**I. Information Disclosure:** The Bank requires the Client to ensure that relevant information about environmental and social risks and impacts of the Project is made available in the Project area in a timely and accessible manner, and in a form and language(s) understandable to the Project-affected people, other stakeholders and the general public, so they can provide meaningful inputs into the design and implementation of the Project.

**J. Consultation:** The consultation covers Project design, mitigation and monitoring measures, sharing of development benefits and opportunities on a Project-specific basis, and implementation issues. The Bank requires the Client to engage in meaningful consultations with stakeholders during the Project's preparation and implementation phases, in a manner commensurate with the risks to, and impacts on, those affected by the Project.

**K. Monitoring and Reporting:** The Bank and the Client have complementary but distinct monitoring responsibilities. The extent of monitoring activities, including their scope and periodicity, is proportional to the Project's risks and impacts.

**L. Grievances:** The Bank requires the Client to establish a suitable grievance mechanism to receive and facilitate resolution of the concerns or complaints of people who believe they have been adversely affected by the Project's environmental or social impacts, and to inform Project-affected people of its availability.

### ***Environmental and Social Standards (ESS 1 to ESS 3):***

**ESS 1: Environmental and Social Assessment and Management:** To ensure the environmental and social soundness and sustainability of Projects and to support the integration of environmental and social considerations into the Project decision-making process and implementation.

**ESS 2: Involuntary Resettlement:** To avoid Involuntary Resettlement wherever possible; to minimize Involuntary Resettlement by exploring Project alternatives; where avoidance of Involuntary Resettlement is not feasible, to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-Project levels; to improve the overall socioeconomic status of the displaced poor and other vulnerable groups; and to conceive and implement resettlement activities as sustainable development programs, providing sufficient resources to enable the persons displaced by the Project to share in Project benefits.

**ESS 3: Indigenous Peoples:** To design and implement Projects in a way that fosters full respect for Indigenous Peoples' identity, dignity, human rights, economies and cultures, as defined by the Indigenous Peoples themselves, so that they: (a) receive culturally appropriate social and economic benefits; (b) do not suffer adverse impacts as a result of Projects; and (c) can participate actively in Projects that affect them.

## Annex 13.

### Case studies

CASE STUDY 1	
Project title	Additional sub-project under the Support to the Kyrgyz Republic for Water and Wastewater Investments: Kyzyl-Kiya Water Project
Country	Kyrgyz Republic
Year	2017 (expected start)
Total budget	EUR 7.42 million
IFCA contribution	EUR 3.52 million
Lead finance institution	EBRD
Co-financiers	EIB, EBRD bilateral donors / SSF
Type of support	Investment Grant
Adopted from	IFCA 2016 Operational Report <sup>91</sup>

#### Project description

The Support to the Kyrgyz Republic for Water and Wastewater Investments programme, approved by the DCI Board in 2015 with an IFCA contribution of €11.2 million, is providing grant co-financing to support projects that will benefit municipalities and their water companies across Kyrgyzstan by addressing urgently needed infrastructure rehabilitation needs. The programme focuses on ensuring safe and high-quality water supply, wastewater disposal and sanitation, and improving management practices in the sector. It also addresses the financial and economic sustainability of water utilities. Towards these aims, other priorities of the programme include improving transparency, trust and accountability and optimising technical standards. This additional sub-project involves a sovereign loan to the Kyrgyz Republic, which is to be on-lent to the city of Kyzylkiya to enable the municipal enterprise Kyzylkiya Suukanal to rehabilitate water supply services in the city. The project will also include significant technical co-operation to support implementation, including engineering design services, procurement and contract supervision alongside a Corporate Development and Stakeholder Participation Programme to enhance the company's sustainability and efficiency.

The rehabilitation of some of the most deteriorated sections of the water supply network in Kyzylkiya will reduce water losses and energy consumption, making an important contribution towards economical and responsible groundwater resource management. The project aims at reducing water losses from 78% at present to 30%, or to reduce total water production from 13.7 million m<sup>3</sup> to 5.2 million m<sup>3</sup> while raising water sales from 3.0 to 3.6 million m<sup>3</sup>. Additional strategic network extensions will contribute to increasing the connection rate.

These actions will not only improve the cost/revenue situation at the company by reducing power consumption, but will prevent over-exploitation of the groundwater resources, making the water supply system more resilient to the impacts of climate change. Reduced energy consumption will also help balance out expected energy price hikes. The project will also reduce public health risks,

<sup>91</sup> [https://ec.europa.eu/europeaid/sites/devco/files/ifca-aif-ifp\\_report\\_2017\\_web.pdf](https://ec.europa.eu/europeaid/sites/devco/files/ifca-aif-ifp_report_2017_web.pdf)

which is a key prerequisite for development and poverty reduction, as a sustainable water supply and wastewater management programme will contribute to a healthy environment and to economic growth.

## CASE STUDY 2

Project title	Improvement of solid waste management system in the City of Samarkand
Country	Uzbekistan
Year	2014 (approval)
Total budget	EUR 28.6 million
IFCA contribution	EUR 8 million
Lead finance institution	Agence Française de Développement (AFD)
Type of support	Technical assistance
Adopted from	IFCA 2016 Operational Report <sup>92</sup>

### Project description

Improvement of solid waste management is a key priority for urban sustainable development of Samarkand – Uzbekistan's second largest city, whose current solid waste management system presents major flaws and inefficiencies.

The project helps to modernise municipal waste collection and disposal, as well as to improve waste recycling. The financing will cover:

- landfill compliant to modern standards, connected with landfill gas treatment units;
- semi-mechanical sorting plant on the landfill site; and
- acquisition of waste collection vehicles for Samarkand's Municipality.

In order to ease implementation and sustainability of the project, it will include a substantial technical assistance component to local authorities, consisting of:

- pre-investment phase technical assistance enabling optimal project preparation, through detailed feasibility studies and comprehensive environment and social impact assessment;
- investment phase technical assistance for procurement and operations monitoring; and
- capacity building actions.

The project includes campaigns to encourage the reduction of locally generated waste. Moreover it will form a pilot project demonstrating landfill modernisation and waste valorization, with potentially replicable components in important secondary cities of Uzbekistan.

## CASE STUDY 3

Project title	Community Agriculture & Watershed Management Project
Country	Tajikistan
Year	2004 – approval, 2012 – closing data

<sup>92</sup> [https://ec.europa.eu/europeaid/sites/devco/files/ifca-aif-ifp\\_report\\_2017\\_web.pdf](https://ec.europa.eu/europeaid/sites/devco/files/ifca-aif-ifp_report_2017_web.pdf)

Total budget	EUR 13.58 million (USD 16.75 million)
Lead finance institution	International Development Association
Type of support	loans and grants
Adopted from	World Bank <sup>93</sup>

### Project description

The objective of the project was to build productive assets of rural communities in selected mountain watersheds in ways that sustainably increase productivity and curtail degradation of fragile lands and ecosystems.

#### There were three components:

Component I. Rural Production Investment Rural Production Investment Rural Production Investment (appraisal USD 11.9 million, actual USD 10.69 million). This component was to support:

- (i) Farm Productivity Improvement through socially mobilizing individuals and groups of farming households with further support to investment in productivity enhancing and income generating activities.
- (ii) Land Resource Management through support to local population to adopt more sustainable use of fragile lands and to provide land use certificates.
- (iii) Rural Infrastructure through productive investments to rehabilitate rural infrastructure, including drinking water, small irrigation, access track rehabilitation, and small power generation.

Component II. Institutional Support and Capacity Building Institutional Support and Capacity Building Institutional Support and Capacity Building (appraisal USD 4.3 million, actual USD 4.90 million). This component was designed to support:

- (i) Research and demonstration by providing help to scientific institutions and line ministries to provide technical services including training to communities. It included support for seed and seedling production, livestock breeding and animal health and husbandry improvements, and market and enterprise analysis and development.
- (ii) Community Mobilization and Subprojects Preparation, including training and facilitation for the local Government Development Committees as well as households and common interest groups with support of local facilitators. It also included support for small confidence building mobilization grants and information and experience sharing.

Component III. Project Management Project Management Project Management (appraisal USD 3.6 million and actual USD 3.72 million). This component supported project implementation at both national level and for each of the Project watershed areas.

<sup>93</sup> <http://projects.worldbank.org/P077454/community-agriculture-watershed-management-project?lang=en&tab=details>

The outputs of the project include:

- 3,845 sub-projects, directly benefiting over 43,000 households (target 32,000), were financed by the project, involving a total investment of USD 7.4 million. 1,208 of these sub-projects (USD 1.8 million of investment, 11,379 beneficiary households) had the objective of raising farm productivity. They included livestock development, small enterprises for agro-processing, apiculture, poultry farming and horticulture. There were 2,060 projects in land resource management (USD 4.3 million investment 32,134 beneficiary households). Activities included terracing for horticulture, pasture improvement, conversion of slope land and tree planting, woodlots and vineyards. Over 930,000 trees were planted in a total area of 2,644 hectares. There were 577 rural infrastructure projects (USD 1.4 million investment, 34,299 beneficiary households), including drinking water supply, road rehabilitation, construction and repair of small bridges, rehabilitation of small hydropower stations, repair and rehabilitation of irrigation canals, and river bank protection. More than 50% of households in the project area participated in the selection and implementation of sub-projects.
- 9,175 rural people received technical training (target 8,000).
- 30 small demonstration plots were developed to assist farmers in improving production techniques.

#### CASE STUDY 4

Project title	Community Agriculture & Watershed Management Project
Country	Kazakhstan
Year	2007 – approval, 2016 – closing data
Total budget	EUR 32.48 million (USD 40.09 million)
Lead finance institution	International Bank For Reconstruction And Development
Type of support	Loan
Adopted from	World Bank <sup>94</sup>

<sup>94</sup> <http://projects.worldbank.org/P078342/ust-kamenogorsk-environmental-remediation-project?lang=en&tab=financial>

## Project description

The main project objectives were to: "(i) prevent the groundwater contamination plume's further migration towards the residential areas, the city's sources of drinking water supply and eventually into Irtysh River; and (ii) strengthen institutional mechanisms for groundwater quality monitoring to enable control of ongoing groundwater pollution from local municipal and industrial sources.

The Project had three components, activities of which were revised after restructurings in 2014.

- Containment of High-priority Sources of Groundwater Contamination (estimated cost at appraisal was USD 19.36 million, including USD 12.23 million of IBRD and USD 7.13 million contribution from the Government of Kazakhstan (GoK). The actual cost of the component was USD 11.25 million). This component aimed to rehabilitate seven contaminated waste dump sites and slurry ponds in and near Ust-Kamenogorsk city, selected based on a level of risk posed to groundwater pollution. The financial resources were also to be used to neutralize pollution sources and to re-cultivate and cover the existing dumps and slurry ponds to prevent further infiltration of hazardous waste into the aquifer.
- Remediation of Current Contaminated Groundwater Sites (estimated cost at appraisal was USD 20.13 million, including USD 12.06 million of IBRD financing and USD 8.07 million of GoK financing. The actual cost was USD 6.47 million). The component included investments to establish the pump and treatment groundwater remediation system. It also incorporated activities to establish a monitoring network to undertake groundwater sampling and contamination analysis, and to measure the effectiveness of the remediation system. It was agreed after the restructuring in December 2014 to cancel the investment in a pump and treatment groundwater remediation system due to the groundwater pollution monitoring results, which were below those estimated at appraisal and in line with the international allowable level' standards, including the WHO limits.
- Project Management and Monitoring (estimated cost at appraisal was USD 0.60 million to be fully financed by the GoK. The actual cost of the component reached USD 1 million). This component included activities to ensure proper Project management, to provide technical assistance on the supervision of construction, monitoring and evaluation activities, and to implement the environmental management plan.



## Annex 14.

### Contact details of IFIs' offices including Central Asian countries

#### IFCA, EUROPEAN COMMISSION

##### Directorate General for International Cooperation and Development

Rue de la Loi 41, B-1049 Brussels, Belgium

Tel: +32 2 2991111, +32 2 2999814,

EuropeAid-IFCA@ec.europa.eu

[https://ec.europa.eu/europeaid/regions/central-asia/investment-facility-central-asia-ifca\\_en](https://ec.europa.eu/europeaid/regions/central-asia/investment-facility-central-asia-ifca_en)

#### EUROPEAN INVESTMENT BANK (EIB)

##### European Investment Bank

98-100, boulevard Konrad Adenauer, L-2950 Luxembourg.

EIB Switchboard: Tel: +352 43 79 1; fax +352 43 77 04

Information desk: Tel: +352 4379-22000; fax +352 4379-62000

<http://www.eib.org/infocentre/contact/index.htm>

#### EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

##### EBRD Kazakhstan contacts:

<http://www.ebrd.com/kazakhstan.html>

##### *Almaty Resident Office*

41 Kazybek Bi street, Park Palace Business Centre, 3-rd Entrance, 3-rd Floor, 050010, Almaty.

Tel: +7 727 332 00 00, fax: +7 727 258 14 22

##### *Nur-Sultan Resident Office*

"SAAD" BC, 10th Floor, 2 Dostyk street, Yesil district, Nur-Sultan, Republic of Kazakhstan.

Tel. +7 7172 554246, fax: +7 7172 554245

##### EBRD Kyrgyz Republic contacts:

<http://www.ebrd.com/kyrgyz-republic.html>

##### *Bishkek Resident Office*

Business Centre Orion, 21 Erkindik Boulevard, 4th Floor, 720040 Bishkek

Kyrgyz Republic. Tel: +996 312 624 016, 624 017

##### *Karakol office*

122 Gebze Str, 2nd floor, 722200 Karakol, Kyrgyz Republic.

Tel: +996 3922 52050, fax: +996 3922 52060

##### *Osh office*

Osh-Nuru Hotel, 1 Bayalinov Street, 2nd floor, Office 217, 723500 Osh, Kyrgyz Republic

Tel: +996 3222 21139, fax: +996 3222 57947

##### EBRD Tajikistan contacts:

<http://www.ebrd.com/tajikistan.html>

##### *Dushanbe Resident Office*

34 Rudaki avenue, TCELL Plaza, 12 floor, 734025 Dushanbe, Tajikistan,

Tel: +992 37 2 210763; 2213 543; 2216709; 2216718; 2219832; 2510178; 2512424

#### EBRD Turkmenistan contacts:

<http://www.ebrd.com/turkmenistan.html>

##### *Ashgabat Resident Office*

“Berkarar” Business Center, 13th floor, Suite M3, 82, 1972 street (Ataturk), 744000 Ashgabat, Turkmenistan.

Tel: +993 12 46 88 20, fax: +993 12 46 88 26

#### EBRD Uzbekistan contacts:

<http://www.ebrd.com/uzbekistan.html>

1, Qoratosh Street, Tashkent, 100027, Uzbekistan

Tel: +99871 140 44 00

#### GERMAN DEVELOPMENT BANK (KfW)

<https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Regional-offices.html>

##### *KfW Office in Kyrgyzstan*

Blvd. Erkindik 22 / ul. Moskovskaya 101/1, 720040 Bishkek, Kyrgyz Republic,

Tel: +996 312 90 90 85-88, fax: +996 312 90 90 89,

Email: KfW.Bishkek@kfw.de

##### *KfW Office in Tajikistan*

N. Huvaiddulloev Street 2\1, Jaihun Business Center, 3. Floor, 734049 Dushanbe, Tajikistan

Tel: +992-44-6006823, fax: +992 44 600 52 04,

Email: kfw.dushanbe@kfw.de

##### *KfW Office in Uzbekistan*

7 A., Chirkentskaya Str., 100029 Tashkent, Uzbekistan,

Tel: +99 871 280 6759, fax: +99 871 280 6760,

Email: kfw.tashkent@kfw.de

#### FRENCH DEVELOPMENT AGENCY (AFD)

<https://www.afd.fr/en>

<https://www.afd.fr/en/our-agency-uzbekistan>

AFD regional office in Tashkent, Uzbekistan,

25 Istiqbol ko'chasi, 100047 Tashkent, Uzbekistan,

Tel: +998 71 233 66 69

#### WORLD BANK (WB)

##### *World Bank Central Asia Regional Office*

41A Kazybek bi Street, 4th floor, Almaty, 050010, Kazakhstan,

Tel: +7 727 377 8220,

<http://www.worldbank.org/centralasia>

Lilia Burunciuc, Regional Director for Central Asia.

##### *World Bank Country Office for Kazakhstan*

12 Samal, 14th floor, Nur-Sultan, 010000, Kazakhstan,

Tel.: +7 7172 691 440, Nur-Sultan\_office@worldbank.org,

<http://www.worldbank.org/kz> . Ato Brown, WB Country Manager for Kazakhstan

##### *World Bank Country Office for the Kyrgyz Republic*

214 Moskovskaya Street, Bishkek, 720010, Kyrgyz Republic,

Tel: +996 312 625 262,

dakmatbekova@worldbank.org, <http://www.worldbank.org/kg>

*World Bank Country Office for Tajikistan*

48 Ayni Street, Sozidanie Business Center, 3rd floor, Dushanbe, Tajikistan,  
Tel: +992 48 701 5810,  
tajikistan@worldbank.org,  
<http://www.worldbank.org/tj>

*World Bank Country Office for Turkmenistan*

UN Building, 21 Archabil Avenue, 744036, Ashgabat, Turkmenistan  
Tel: +993 12 487450,  
ashgabat@worldbank.org,  
<http://www.worldbank.org/tm>

*World Bank Country Office for Uzbekistan*

107B Amir Temur Street, Block C, 15th floor, Tashkent, 100084, Uzbekistan,  
Tel: +998 71 120-2400,  
tashkent@worldbank.org,  
<http://www.worldbank.org/uz>

## ASIAN DEVELOPMENT BANK (ADB)

### **Kazakhstan Resident Mission (KARM) - Asian Development Bank (ADB)**

*Nur-Sultan Office*

12 Samal Microdistrict, Nur-Sultan Tower Business Center, 20th Floor, Nur-Sultan 010000, Kazakhstan,  
Tel: +7 717 2709707, fax: +7 717 2328343,  
<https://www.adb.org/countries/kazakhstan/contacts>

*Kyrgyz Republic Resident Mission (KYRM) - Asian Development Bank (ADB)*

Orion Business Center, 21 Erkindik Prospect, 6th Floor, 720040 Bishkek, Kyrgyz Republic  
Tel: +996 312 626611, fax: +996 312 986761,  
<https://www.adb.org/countries/kyrgyz-republic/contacts>

*Uzbekistan Resident Mission (URM) - Asian Development Bank (ADB)*

1 Qoratosh Street, Tashkent 100027, Uzbekistan,  
Tel: +998 71 1401920 to 1925, fax +998 71 1401976,  
<https://www.adb.org/countries/uzbekistan/contacts>

*Tajikistan Resident Mission (TJRM) - Asian Development Bank (ADB)*

45 Sovetskaya Street, Dushanbe 734001, Tajikistan,  
Tel: +992 372 271895 / 271897 / 210558, fax: +992 372 289128,  
<https://www.adb.org/countries/tajikistan/contacts>

*Turkmenistan Resident Mission (TKRM) - Asian Development Bank (ADB),*

82, 1972 (Ataturk) Street, Berkarak Business Center Building, Office M1, Ashgabat 744036, Turkmenistan,  
Tel: +993 12 468730, fax: +993 12 468731,  
<https://www.adb.org/countries/turkmenistan/contacts>

## ASIAN INFRASTRUCTURE INVESTMENT BANK (AIIB)

*AIIB Headquarters:*

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