

## IPA III Results Framework Indicator Methodology Note

1. Indicator code and name
<p><b>IPA III RF 4.2.1.8:</b> Number of supported financial ecosystem actors offering new services/products for the first time, disaggregated by type of actor, type of product/service, by served area/ sector</p>
2. Technical details
<p><b><u>OPSYS and Results Dashboard code:</u></b> 260724.</p> <p><u>Unit of measure:</u> Number of (#)</p> <p><u>Type of indicator:</u> <i>Quantitative: Numeric; Actual (ex-post); Cumulative (not annual).</i></p> <p><u>Level of measurement:</u> The indicator corresponds to an output level result. It would typically be associated to a result such as “<i>Strengthened financial ecosystem actors’ capacities to enable innovative and sustainable investments</i>)”.</p> <p><u>Disaggregation:</u></p> <p><u>EFSD+ states different types of possible disaggregation as follows:</u></p> <ul style="list-style-type: none"> <li>• Type of actor: traditional v sustainability-related financial ecosystem actors,</li> <li>• Type of product/service: risk-mitigation, equity, risk capital, debt instruments, mezzanine, sustainability-related/linked), other</li> <li>• Sector (main sector in which actor operates and offers new product)</li> </ul> <p>Geographical Area (national or regional)</p> <p><u>DAC sector codes:</u> 25010; 25020; 25030; 25040</p> <p><u>Main associated SDG:</u> <b>SDG 8</b> – Decent work and economic growth.</p> <p><u>Other associated SDGs:</u> n/a.</p> <p><u>Associated IPA III Level 1 indicator:</u></p> <ul style="list-style-type: none"> <li>• Ease of doing business (source: World Bank) (Ind. 4.2.1)</li> </ul> <p><u>Associated IPA III Level 3 indicators:</u></p> <ul style="list-style-type: none"> <li>• Amount and share of EU-funded external assistance contributing to strengthening investment climate</li> <li>• Amount and share of EU-funded external assistance contributing to: (a) aid for trade, (b) aid for trade to LDCs, and (c) trade facilitation</li> <li>• Leverage of EU blending and guarantee operations financed by EU external assistance, measured as: (a) Investment leverage ratio, (b) Total eligible financial institution financing leverage ratio, (c) Private financing leverage ratio</li> </ul>
3. Policy context and Rationale
<ul style="list-style-type: none"> <li>• <b>IPA III PF: Window 4</b> Competitiveness and inclusive growth, <b>Thematic priority 2</b> -: Private sector development, trade, research and innovation.</li> <li>• <b>Chapter of the Acquis.</b> The indicator responds to interventions related to several <i>Acquis</i> Chapters. Among the more relevant chapters are: <b>Chapter 19:</b> Social policy and</li> </ul>

employment, **Chapter 20**: Enterprise and industrial policy, **Chapter 11**: Agriculture and rural development.

- The indicator, as formulated, corresponds to **EFSD+ IW1 MSMEs**.

In order to increase the levels of productive investment to support economic, ecological and digital transition and more generally higher levels of employment and economic prosperity, significant capital, including private capital will need to be mobilized and then channeled to those who make productive investments.

While sources of capital, both public and private, can in principle be mobilized (e.g. EFSD+), it is also essential to significantly expand the nature and number of financial intermediaries who can provide appropriate and increasingly customized (and localized) financial products and services to investors. In principle these entities may operate internationally, nationally, regionally, locally, sectorally: however, it is expected that they should operate sufficiently close to potential investors.

#### 4. Values to report

All of the following values must be determined according to the definitions provided in Section 5 below.

- **Reporting values in the logframe:**
  - **Baseline value:** The value assumed by the indicator at time t0, against which progress will be assessed.
  - **Reporting of current value** is done at least once a year: actual latest value on the total number of supported financial ecosystem actors offering by the time of reporting and according to the applicable definitions provided in section 5 of the note. Values will be reported cumulatively across the whole implementation period.
  - **Final target value:** estimated total number of supported financial ecosystem actors offering by the target year and according to the applicable definitions provided in section 5 of the note.
- **Intermediate targets (milestones).** A tool has been developed in OPSYS to automate the generation of intermediate targets<sup>1</sup>.
  - For outputs, the intermediate targets are generated using a linear interpolation between the baseline and target values because it is assumed that outputs materialise sooner and more progressively over implementation (than outcomes).
  - For outcomes, the expected progression over the course of implementation will vary across interventions. During the creation of a logframe, the expected outcome profile must be selected (OPSYS offers four options<sup>2</sup>) and this selection triggers the

<sup>1</sup> This has been done in the framework of the **Intervention Performance Assessment**. Two composite indicators have been developed to provide an overall assessment of an intervention's current implementation and future prospects. These scores will be calculated for all NEAR interventions participating in the annual results data collection exercise.

- The **implementation score** reflects the relevance, efficiency and effectiveness already achieved by the intervention. The information on relevance is provided by the Operational manager's response to a question in a survey. The information on efficiency and effectiveness is provided by the logframe data, if sufficiently available, or the response to a question in a survey, if not.
- The **risk score** reflects expectations regarding the most probable levels of relevance, efficiency, effectiveness and sustainability to be achieved by the intervention in the future. In this case, all the information is provided by the Operational manager's responses to questions in a survey.

<sup>2</sup> a. Constant: The outcomes are achieved continuously throughout implementation; b. Accelerating: The outcomes are achieved towards the end of implementation; c. At the end: The outcomes are mostly achieved at the end of implementation; d. None of the above.

generation of intermediate targets for all 30 June and 31 December dates between the baseline and target dates for all output and outcome quantitative indicators. All automatically generated intermediate targets values and dates can be subsequently modified by the Operational Manager or the Implementing Partner with the approval of the Operational Manager.

## 5. Calculation of values

The value for this indicator is calculated by counting the **Number of supported financial ecosystem actors offering**, using the Technical Definitions and Counting Guidance provided below. Please double check your calculations using the Quality Control Checklist below.

### Technical Definitions

There exists no standard definition for “**financial ecosystem actors**”. The term usually refers to all or any of the following:

- Providers of Capital (primary) (investors, savers)
- Intermediaries (financial) (investment banks, commercial banks, various funds (hedge, equity etc)
- Users of Capital (entrepreneurs, businesses)
- Traders of Capital (investment companies, pension funds etc)

Source: <https://sarasotainstitute.global/the-financial-ecosystem/>

For purposes of this indicator, the term has a more limited sense that corresponds approximately to different kinds of financial intermediary. EFSD+ advice states: “*commercial banks, microfinance institutions, insurance/reinsurance companies, leasing companies, investment funds, financial technology companies, venture capital funds, disaggregating also traditional from sustainability-related financial ecosystem actors*”. This list is to be considered non-exhaustive.

A further delimitation derives from the **nature of the activity** in which the actor is involved. EFSD+ advice specifies entities which: “*offer for the first time risk-mitigated, innovative, and impactful financing mechanisms and products (for entrepreneurship, MSMEs/ social enterprises, and cooperatives)*.” Again this list is to be considered non-exhaustive.

The term “**supported**” means that the financial ecosystem actors are supported (usually financially) through or from some higher or broader entity, either a higher-level financial intermediary or more likely a provider of capital (major private or public bank, e.g. EIB, EBRD etc).

### Counting Guidance

- Only those financial ecosystem actors which are operating a service for the first time (i.e. a new service) are to be counted. The product or service they offer does not need to be “new” in absolute terms, but simply a new product or service the actor offers that they did not previously offer.
- Note that it is the number of entities that is counted, not the number of services, therefore even if a particular entity comes to market with 3 new products/services, the counted number will be “1” only.

### Quality Control Checklist

1. Has double counting been avoided as indicated in the Counting Guidance above?
2. Have all relevant disaggregations been reported?
3. Has the baseline and final target been encoded with the right dates?
4. Did you encode the latest current value available?
5. Did you use the comment box to inform on the values encoded?

#### 6. Examples of calculations

In Country A, under a major EFSD+ intervention, four large banks are contracted to deliver new products/services to specific target groups. One of the banks sub-contracts further with 3 local banks (in total) for remote areas of the Country. The four banks can be considered Implementing Partners. But in total there are 7 ecosystem actors offering services/products.

These are new services so the baseline for the number of financial ecosystem actors offering new first time services is “0”.

Let us assume that by end of Year 1, 3 of the main banks are already offering some new services/products (two new services per bank). But the fourth bank is still contracting with 3 smaller banks and these do not start new services/products until well into Year 2. By Year 2 the fourth large bank itself is also offering a small number of new services.

This can be represented as such: (=cumulative)

	No of supported financial ecosystem actors offering new services/products	No of new services/products offered
Start Year 1 – Baseline	0	0
End Year 1	3	6
End Year 2	4 (7)	9 (15)

In this example we have recorded the “No of new services/products offered”. This is not an IPA III RF indicator but, let us assume, a customised indicator selected for the entire intervention. Note that it provides useful information which goes beyond the IPA III RF output indicator: it confirms that new services/products were actually offered (and thus helps inform the IPA III RF indicator). One could also imagine another outcome indicator which actually tells us how many entities were actually supported through these ecosystem actors, to what level and in which areas. At intervention level this IPA RF III indicator would require several other indicators to provide a meaningful picture.

#### 7. Data sources and issues

##### **Data sources in the logframe:**

- Data for this indicator must derive directly from the intervention, i.e. intervention internal monitoring and reporting systems from implementing organisations (e.g. governments, international organisations, non-state actors).
- Other possible sources include studies carried out in the framework of the interventions and external monitoring and/or evaluation reports.

##### **Data source categories specified in OPSYS:**

- EU intervention monitoring and reporting systems (Progress and final reports for the EU-funded intervention)

## 8. Reporting process & Corporate reporting

Who is responsible for collecting and reporting the data?

- The implementing partner (i.e. the entity responsible for delivering the results) will need to ensure the counting starts at the lowest level of intervention, i.e. the entity which offers new services/products for the first time, and is reported upwards and aggregated for the entire intervention in the framework of regular monitoring and reporting systems.
- Data verification:
  - For indirect management by beneficiary countries, the National IPA Coordinator will verify the data.
  - For other modes of implementation, the Operational Manager in HQs/EUD will verify the data.
- It is then the responsibility of DG NEAR to centrally receive and verify data for this indicator from all relevant interventions and to eventually ensure aggregation within and across all IPA Beneficiary countries.

This indicator is used for corporate reporting in the following contexts:

- *IPA III via the Annual Report*

This indicator has been included in the following other Results Measurement Frameworks:

- *EFSD+*

## 9. Other uses

**IPA III RF 4.2.1.8** can be found in the following groups of EU predefined indicators available in OPSYS, along with other related indicators:

- European Fund for Sustainable Development PLUS (EFSD+);
- IPA III RF Window 4: Competitiveness and inclusive growth (IPA III W4)

For more information, see: [Predefined indicators for design and monitoring of EU-funded interventions | Capacity4dev \(europa.eu\)](#)

## 10. Other issues

This indicator is also an EFSD+ indicator. The contents of this note have been adapted to be used in IPA III RF, therefore, they are not necessarily applicable to other contexts as the specifications of the EU acquis are not always in application in third countries eligible to EFSD+ funds.