



OeEB Technical Assistance – Our Offer

November 2024

1. OeEB Technical Assistance - Our offer

In the **2024 to 2028 strategy period**, OeEB will position itself as a thematically focused development bank of the Republic of Austria with a broad geographical approach. This approach enables the Bank to diversify risk and maintain the flexibility necessary to respond to the needs of private sector clients in our partner countries. OeEB is committed to the objectives and principles of the Austrian Development Cooperation Act (as amended) and is guided by the three-year programme of Austrian development policy and the priorities defined therein. The majority of OeEB's projects are implemented on behalf of the Federal Ministry of Finance, which supports the Bank's financing projects with a federal guarantee. The Bank also cooperates with the Austrian Development Agency (ADA), notably in the context of business partnerships.

OeEB has a mandate from the Republic of Austria to mobilise private capital for international development and climate finance and to facilitate private sector investments in countries in the global South.

In line with this mandate, all OeEB projects aim to **promote the development of the private sector** and contribute to the implementation of the **Sustainable Development Goals (SDGs)**.

We focus **on four main strategic topics** which make a predominant, but not exclusive, contribution to the SDGs listed below:

- **Green Finance** - SDG 13 "Climate action"
- **MSME/financial inclusion** - SDG 8 "Decent work and economic growth", SDG 10 "Reduce inequality within and among partner countries"
- **Private, economic infrastructure and industry** - SDG 9 "Industry, innovation and infrastructure"
- **Gender** - SDG 5 "Gender equality"

In developing and emerging countries, OeEB supports its project partners – private companies and financial intermediaries (FIs) such as banks, funds, and microfinance institutions – with access to customized financing through financial instruments such as loans and equity investments. **Technical assistance (TA) funds** are available if they are in line with the four strategic focus areas and explicitly contribute to strengthening and developing the project partners in relation to the development policy objectives and impacts.

The core aim of our TA offer is to strengthen **the developmental impact** of OeEB's financial engagements. The OeEB Results Framework provides additional information about the SDGs and the number of companies and individuals supported by OeEB TA projects.

OeEB's TA programme aims to enhance the **additionality** of our financing projects (especially with regard to development and value additionality¹). We focus on strengthening the developmental effects of our projects

¹ See also: Policy Paper Additionality at OeEB

According to the OECD definition, value additionality includes the following types: mitigation of non-financial risks, promotion of pro-development business models, promotion of knowledge transfer and generation.

and contributing to the mobilisation of private capital. Such positive effects can also extend beyond the individual project partners and help to transform entire sectors (e.g. as part of sector initiatives).

OeEB's TA projects also aim **to support** its partners on their own **transformation paths** in line with the objectives of OeEB's strategy. Climate finance goals, gender-based measures and the strengthening of environmental and social aspects play a central role in this context.

2. OeEB Technical Assistance - use of funds

Our TA funds can be used in combination with all of OeEB's financing instruments (loan financing, equity financing and African Austrian SME Investment Facility+/AAIF+), taking account of the project requirements in the individual case. The question of how to strengthen the additionality of these projects is a cornerstone of project selection and a basic prerequisite for impact-oriented TA measures.²

In line with the **strategic focus areas** and with the aim of supporting new and existing customers on their transformation paths, **TA measures** are primarily implemented as project-accompanying activities.

Project-accompanying TA measures are linked to OeEB's financing business. These flanking TA measures are demand-driven and depend on the individual customer's identified needs. They are therefore not following a programmatic approach but are implemented depending on the specific project pipeline. Examples include:

- Institutional TA measures to strengthen the institutional capacities or business areas of a project partner (private company, private financial intermediary/fund) (e.g. climate transformation, strengthening risk management, improved environmental and social management system (ESMS));
- Implementation of environmental and social action plans, which are part of the loan agreement with OeEB;
- Contributions to TA facilities (TAFs) which strengthen the developmental impact of financed funds. In addition to financing, portfolio companies of the financed funds receive support in various business areas, i.e. to help enhance the sustainability of their business operations.

OeEB also **offers project preparation TA measures**, for example:

- Technical/economic feasibility studies to support potential customers as part of their own transformation paths;
- Sector-related TA measures, e.g. implementation of gender-smart products at financial intermediaries, or the creation of a study for the development of a savings product for MFIs in the countries to be defined by OeEB.

Project-preparatory and project-accompanying TA measures are deployed in all of OeEB's thematic focus areas.

The product categories listed below cover areas of strategic relevance for us.

² See Policy Paper Additionality at OeEB

2.1 MSMEs/financial inclusion

We support MSMEs by improving access to financial services – especially for underserved market participants (e.g. women, rural populations, etc.) – with the help of financial intermediaries (banks and funds). In addition to our financing offers, MFI portfolio companies can be supported by TA measures so that they may better respond to the needs of end customers. Examples of such support include the development of (or improved access to) financial products or better financial education. Institutions can be strengthened through improved risk management, knowledge building and sustainability in FI processes. The following examples in microfinance focus primarily on the ethical treatment of end customers:

— SPI5³ Analysis for microfinance institutions incl. client protection:

An SPI5 analysis enables the extent to which the Universal Standards for Social Performance Management⁴ (USSPM) have already been implemented within a microfinance institution (including the principles of client protection) to be assessed. The results of an SPI5 analysis can be used to develop an action plan as part of the loan agreement between OeEB and the MFI to close any gaps and strengthen lending processes.

— MSME support via Technical Assistance Facilities (TAF):

To increase their impact and growth, most development funds have set up technical assistance facilities that offer various types of TA to the fund's partner institutions and sub-borrowers. Such TA measures can address various issues, including digital transformation, improved risk management, the development and expansion of management systems and the development and expansion of processes in line with international standards in the areas of environmental, social and corporate governance (ESG). The development of new products or strategies relating to climate change are also covered. In most cases, the measures are accompanied by the development of suitable personnel capacities.

2.2 Environmental and social management

OeEB strengthens the sustainable impact of its investments and supports project partners in managing their own environmental and social risks by applying various measures, i.e.:

— Strengthening environmental and social management systems (ESMS):

Support in setting up or improving the environmental and social management system (ESMS) at a financial institution or fund. The core aim is to integrate the systematic and structured identification, assessment and mitigation of environmental and social risks and opportunities into the institution's/fund's lending and investment appraisal processes. These projects can make an important contribution to value addition.

³ Tools - SPI Online (spi-online.org)

⁴ Universal Standards - Cerise+SPTF (cerise-sptf.org)

— **Implementation of environmental and social action plans (ESAPs):**

Implementation of identified measures, e.g. to introduce new guidelines and strengthen environmental and social processes. Customers often engage external experts to enhance the sustainability of financed projects. Such activities can be facilitated or supported by TA measures.

2.3 Climate protection

We provide TA to financial institutions, companies and funds for the purpose of climate change mitigation and adaptation to the changing climate. Our engagement with financial intermediaries and companies covers the following measures:

— **Financial institutions / funds (financial intermediaries):**

- Mitigating climate change through the development of decarbonisation pathways and portfolio screening for CO2 emissions;
- Identification of climate risks;
- Improving the data situation or introducing reporting systems for greenhouse gas emissions;
- Developing green financing products that help reduce emissions and/or increase resilience to climate change-related risks.

— **Microfinance institutions (MFIs)**

- Providing microloans to finance measures aiming to mitigate and adapt to climate change e.g. mini-grids and off-grid solar solutions, reservoirs to capture excess water for rural borrowers;
- Providing training for climate change adaptation measures for (potential) borrowers;
- Developing a strategy for decarbonisation at MFI level.

— **Company / projects**

- Identifying and analysing physical and transitory risks associated with climate change;
- Identifying and analysing transition risks in connection with climate change;
- Providing support as part of climate-related reporting;
- Utilising resources and energy more efficiently to reduce associated costs;
- Developing decarbonisation strategies for companies, projects or funds that are in line with the requirements of the Paris Agreement.

2.4 Gender

We offer our partners gender-smart TA products, including in connection with the 2X Challenge qualification. In many of our projects, we have seen that women have only limited opportunities. This reinforces OeEB's complementary role in projects. Our TA offer helps our FI partners to build up gender capacities in their own institutions as well as their portfolio companies. This also fosters a deeper understanding of companies that are managed or owned by women.

— **Research and strategy:**

Knowledge about customers and their needs can be improved using various methods, e.g. a portfolio analysis broken down by gender, an organisational assessment with a gender focus or the development of a gender strategy for an organisation.

— **Product and service design:**

The way in which products and services are offered is closely intertwined with customer identity and requirements. Evaluating marketing channels and the design of financial and non-financial products generates valuable information on possible potential for improvement.

— **Training and further education:**

Training to strengthen an institution's gender capacity supports the business case for a more diverse organisation and also raises awareness of investing in market segments where women are more strongly represented.

2.5 Human rights

To help clients manage the human rights aspects of their work, OeEB offers customised TA for companies and financial intermediaries, including:

- Alignment of business practices with the UN Guiding Principles on Business and Human Rights;
- Identification of opportunities to strengthen human rights aspects in the environmental and social processes based on IFC Performance Standards;
- Analysis of risks along the supply chain;
- Consideration of contextual risks in geographical regions and industry sectors.

3. Source of funds for OeEB's TA measures

Since 2017, OeEB has provided annual Technical Assistance funds of at least 10% of the annual surplus from its own funds in the form of non-repayable grants to new and existing customers.

In addition, OeEB has concluded an agreement with the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) to help achieve international climate targets through the application of TA. OeEB is handling a budget of EUR 1 million on behalf of the BMK for the period 2024 - 2026. Examples of possible applications of these funds are listed in section 2.3 (Climate protection).

With the successful completion of the EU-9-Pillar certification in January 2023, OeEB is also entitled to participate in EU programmes under the European Fund for Sustainable Development+ (EFSD+). These include, for example, EU guarantees to secure projects in certain sectors (subject to certain project criteria) and EU funds for technical assistance that can be used to accompany the EU guarantees utilised by OeEB. OeEB continuously reviews the use of these instruments and liaises with our network of bilateral European development banks (EDFI).

4. Reporting

We compile a report on OeEB's technical assistance activities once a year as part of an annual report. This report is submitted and presented to the Business and Development Committee.

The implementation of the requirements set out in this policy paper will also be assessed as part of the mid-term review of the OeEB Strategy 2024-2028.

