Operational Annual Report 2013

NIF
Neighbourhood Investment Facility

European Commission

Development and Cooperation - EuropeAid

The NIF and the ENP

The European Neighbourhood Policy (ENP), which has been operational since 2007, applies to the EU's immediate neighbours by land or by sea. The ENP countries are divided into Eastern and Southern neighbourhood countries. The underlying rationale for the ENP is that the EU has a vital interest in seeing greater economic development and better governance in its Neighbourhood. Spreading peace and prosperity across the borders of the EU prevents divisions and creates benefits for both ENP countries and the EU. Its overriding aim is to assist ENP countries in boosting their prosperity, stability and security.

As from 2014, the new European Neighbourhood Instrument (ENI) will be the main EU financial instrument for the Neighbourhood region during the 2014-2020 financial period. A new ENI Regulation will therefore be in force from 1 January 2014 until 31 December 2020. In line with the renewed European Neighbourhood Policy launched in 2011, ENI support will mainly focus on promoting human rights and the rule of law; establishing deep and sustainable democracy and developing a thriving civil society; sustainable and inclusive growth and economic, social and territorial development (including progressive integration in the EU internal market); mobility and people-to-people contacts (including student exchanges); regional integration (including crossborder cooperation programmes).

The Neighbourhood Investment Facility (NIF) is one of the ENP's tools designed to offer more EU support for the economic development of its neighbours. Inadequate private investment flows into most countries in the Neighbourhood region and a related lack of capacity to finance crucial infrastructure are two key challenges facing ENP countries. The aim of the NIF is therefore to maximise the impact of EU funding, in particular through lending provided by the European Finance Institutions (EFIs) to critical infrastructure and SMEs. Implemented by EuropeAid and financed through the interregional programme, the NIF has been available to Southern and Eastern ENP countries since 2008.

European Commission
European Commission
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What is the NIF?

Officially launched in May 2008, the Neighbourhood Investment Facility (NIF) is an innovative financial instrument used as part of the European Neighbourhood Policy (ENP). Its primary aim is to support key investment infrastructure projects in the transport, energy, social and environment sectors as well as to support private sector development (in particular SMEs) in the Neighbourhood region. It does this by providing funding in the form of grants that complement loans from European Finance Institutions.

GEOGRAPHICAL SCOPE

Projects receiving a grant from the NIF must be located in an ENP partner country that has signed an Action Plan with the EU (currently Armenia, Azerbaijan, Georgia, Moldova and Ukraine, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia). ENP Action Plans set out the partner country's agenda for political and economic reforms (with short and medium-term priorities of three to five years) and reflect the country's needs and capacities as well as its and the EU's interests. Countries that have not signed an Action Plan with the EU may also benefit from NIF funding depending on their specific circumstances. This is decided on a case-by-case basis.

SECTOR PRIORITIES

NIF projects support any of the three following objectives:

- Establishing better **energy** and **transport** infrastructure interconnections between the EU and neighbouring countries and among neighbouring countries.
- Addressing threats to the **environment**, including climate change.
- Promoting equitable socioeconomic development and job creation through support for **small and medium-sized enterprises** and the **social sector**.

Financing and implementing large infrastructure projects requires considerable financial resources. The NIF seeks to create a partnership by pooling together grant resources from the EU budget and the EU Member States and using them to leverage loans from European Finance Institutions as well as contributions from the ENP partner countries themselves. A project must be financed by an eligible European Finance Institution in order to receive a grant from the NIF.

ELIGIBLE EUROPEAN FINANCE INSTITUTIONS

- Multilateral European Finance Institutions: the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the Council of Europe Development Bank (CEB) and the Nordic Investment Bank (NIB) and;
- European bilateral development finance institutions from one of the EU Member States: Agence Française de Développement (AFD), Agencia Española de Cooperación Internacional para el Desarrollo (AECID), KfW Entwicklungsbank (KfW), Oesterreichische Entwicklungsbank AG (OeEB), Società Italiana per le Imprese all'Estero (SIMEST) and Sociedade para o Financiamento do Desenvolvimento (SOFID).

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Foreword

NIF has approved so far € 753 million supporting a total of 82 projects, mobilising investments in our South and East Neighbourhood of over € 20 billion.

Over the years, the Neighbourhood Investment Facility (NIF) has done a lot of good work in terms of helping to unlock funding for major infrastructure projects and support to the private sector in Eastern and Southern Neighbourhood partner countries. Since this Commission has been in charge of the Neighbourhood policy, we have witnessed the impressive results of the NIF. So far € 753 million of NIF funding has been approved for a total of 82 projects. This funding has helped mobilise total investments of over € 20 billion.

These projects are part of the EU stronger engagement in both the East and the South. The signature in June 2014 of Association Agreements with Ukraine, Georgia, and Moldova, including the Deep and Comprehensive Free Trade Areas (DCFTAs), will provide a new and strong policy framework. In turn, the EU will support each partner's needs and ambitions linked to these agreements through a tailor-made facility for SMEs and Private Sector development within the NIF. Regarding Ukraine, the Commission announced in March 2014 an overall package of support of at least € 11 billion over the coming years and subsequently, the political chapter of the EU-Ukraine Association Agreement was signed in Brussels. Within this package, the NIF could leverage loans amounting to € 3.5 billion with a grant contribution of € 200-250 million.

Meanwhile, the Mediterranean region is going through a period of profound change in which it is facing huge economic challenges. As a result, there is an urgent need to join forces, share experiences and tackle the pressing issues that affect people's lives. In recent years, economic growth has slowed down in most countries around the Mediterranean, accompanied by rising fiscal deficits, inflation and unemployment.

Measures need to be taken to boost private investment and to continue supporting business and investment linkages in the Mediterranean; to stimulate SME development in innovative and value-added sectors; to upgrade skills in particular for the youth; and to facilitate trade and access to finance. The biggest opportunity for growth and jobs lies with the six million micro, small and medium enterprises (mSMEs) that account for 90% of total employment in the region.

Openness to trade and investment will be a major source of job creation, technological progress and innovation. To this end, the EU is working to establish DCFTAs with Egypt, Jordan, Morocco and Tunisia, thereby ensuring gradual economic integration within the European market. Negotiations started in 2013 with Morocco and preparations are well advanced in the cases of Jordan and Tunisia.

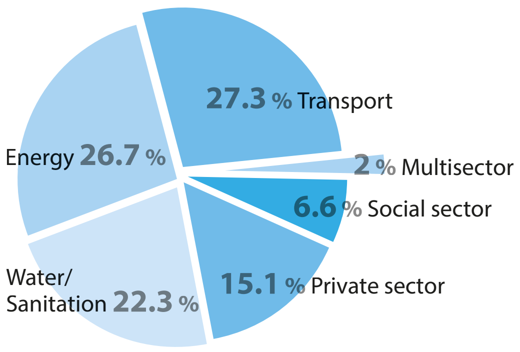
The NIF continues to be a key mechanism for our partners, helping them to build partnerships for inclusive economic development and integration. We have ensured that it receives sufficient financial resources in the 2014-2020 period so that it can effectively support the implementation of our neighbourhood policy.

Štefan Füle
Commissioner for Enlargement and European Neighbourhood Policy

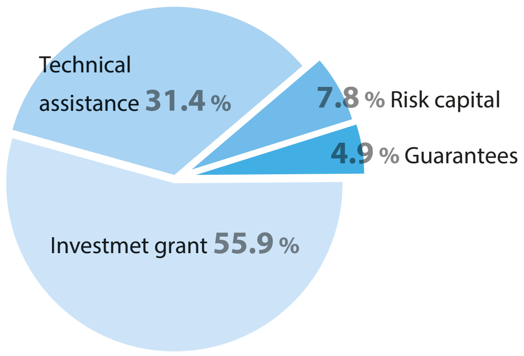
NIF at a glance at 31/12/2013

NIF Portfolio % of total NIF contributions

by sector



by type of support



NIF resources allocated to approved projects

€ 753.4 million

SOUTH € 408.1 million

EAST € 345.3 million

EFIs resources leveraged

€ 9.6 billion

SOUTH € 4.9 billion

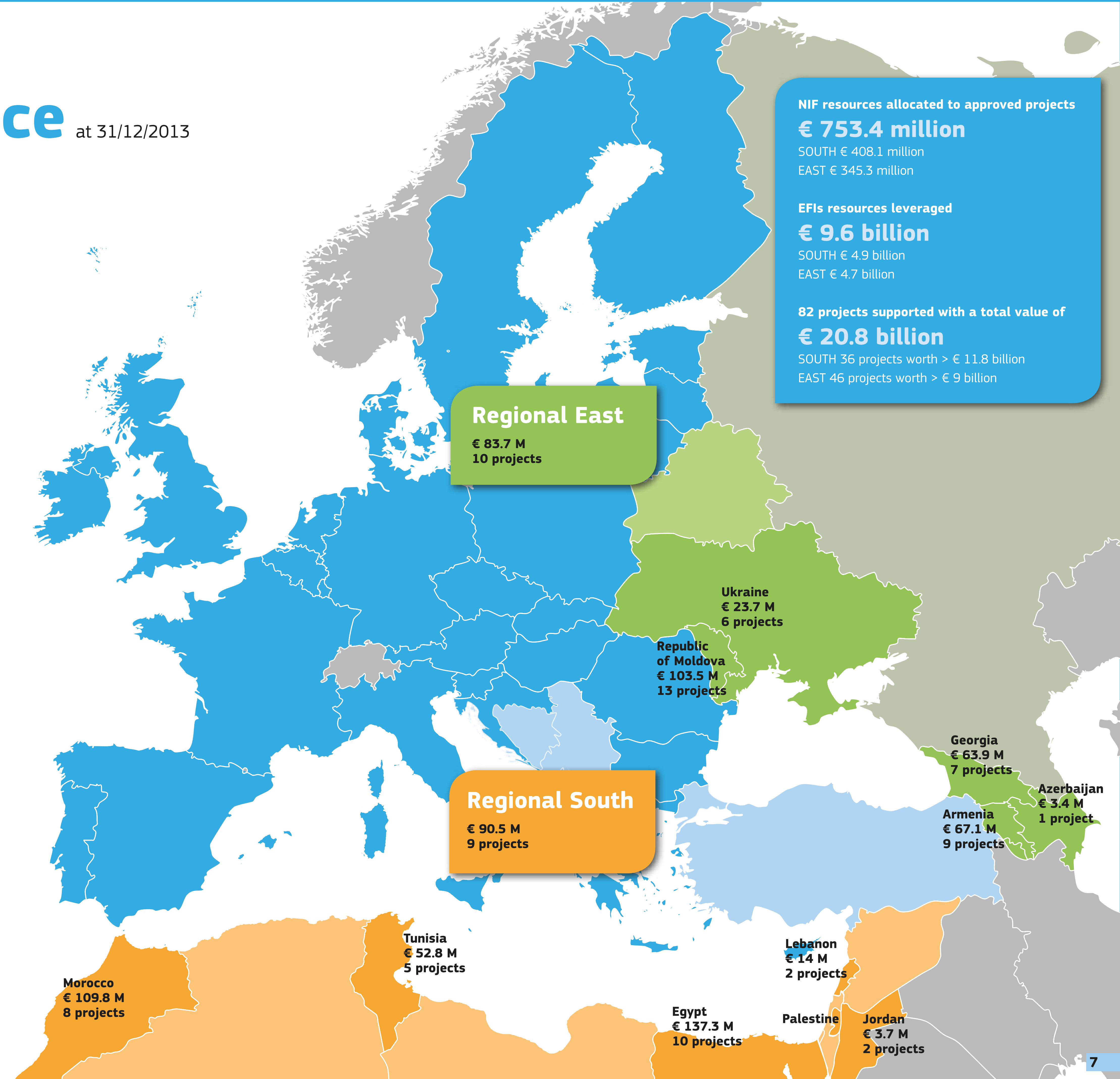
EAST € 4.7 billion

82 projects supported with a total value of

€ 20.8 billion

SOUTH 36 projects worth > € 11.8 billion

EAST 46 projects worth > € 9 billion



EU Member States

ENP countries directly eligible under the NIF

other ENP countries

€ total volume of NIF contributions approved

2013 highlights

Total amount of NIF resources allocated to approved projects:

€ 163.5 million (€ 90.5 million in the East and € 73 million in the South)

Number of projects approved: **17** (10 in the East and 7 in the South)

Total cost of projects: **€ 2.4 billion** (€ 1.1 billion in the East and € 1.3 billion in the South)

Amount of EFI resoures leveraged: **€ 1.5 billion** (€ 699 million in the East and € 821 million in the South)

Big share of spending on regional projects in 2013

In the South, over one third of NIF funding went on three regional projects (€ 26.5 million out of a total of € 73 million)

In the East, the biggest share of NIF spending went on Armenia and Moldova (altogether two thirds of the overall contribution to the East in 2013).

Around one sixth of NIF funding was spent on two regional projects (€ 15 million out of € 90 million).

Water/sanitation, energy and transport are the sectors benefiting most from NIF funding

In 2013, the biggest share of NIF funding was spent on the water/sanitation sector (39.1%), the energy sector (over 28.2%) and the transport sector (22.6%)

Most NIF support came in the form of investment grants

The vast majority of NIF support took the form of investment grants (60.1%) followed by technical assistance (21%) and risk capital (18.9%)

Supporting EU policy initiatives throughout the Neighbourhood Region

As in previous years, in 2013 the EU pursued the European Neighbourhood Policy (ENP) and its commitment towards promoting the extension of EU polices to neighbouring countries and regional initiatives and partnerships both in the East and in the South. These include the **Eastern Partnership (EaP)** and the **Union for the Mediterranean (UfM)**.

The Neighbourhood Investment Facility is a major financing tool designed to support the ENP and its regional initiatives, providing a global European response to substantial funding needs.

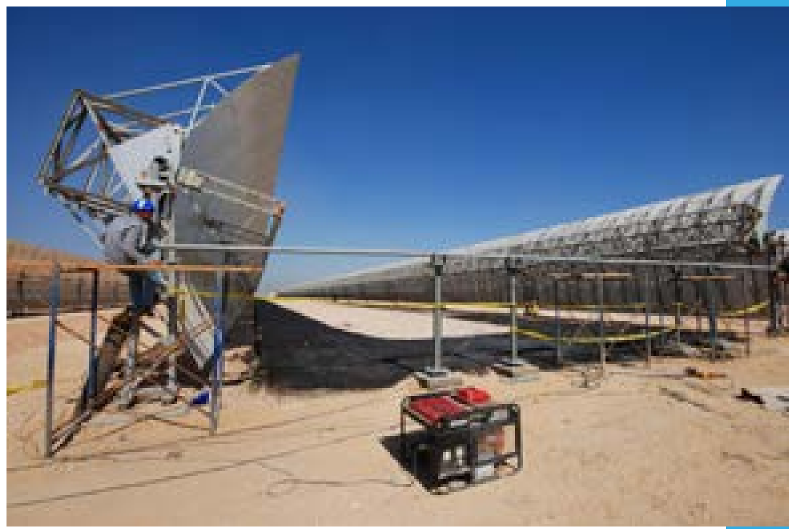
In the Southern Neighbourhood, the NIF contributed to a number of key Union for the Mediterranean (UfM) initiatives. The UfM, which was set up in 2008, aims to boost cooperation between the EU and Mediterranean partner countries (Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Syria, Tunisia and Turkey) and to encourage regional cooperation. Regional UfM projects include the de-pollution of the Mediterranean sea, the creation of maritime and land highways, a joint civil protection programme, the establishment of a Mediterranean solar plan, the establishment of a Euro-Mediterranean University and a new business development initiative for SMEs.

For example, the NIF is providing support for Morocco's Integrated Wind Energy Programme, which includes the construction of three wind farms (Tanger II, Midelt and Jbel al Hadid) generating a total of 450 megawatts of power. The Programme is in line with the strategic guidelines of the **UfM's Mediterranean Solar Plan**, which aims to contribute to creating conditions for sustainable economic growth whilst respecting the environment.

The MED 5P Initiative, which also receives NIF support, also aims to support the UfM's Mediterranean Solar Plan as well as the EU's **Horizon 2020 Initiative**. The Horizon 2020 Initiative aims to reduce the pollution of the Mediterranean by the year 2020 by tackling the sources of pollution that account for around 80% of the overall pollution of the Mediterranean sea: municipal waste, urban waste water and industrial pollution. The MED 5P Initiative supports public authorities in Egypt, Jordan, Morocco, Tunisia and Lebanon that are contemplating the procurement of infrastructure in the transport, water and wastewater, waste management, energy and renewable energy, social and urban infrastructure sectors through public-private partnership (PPP) structures. The NIF-supported project to expand wastewater treatment in the Kafr El Sheikh (KES) Governorate in Egypt was also identified as a priority project under the Horizon 2020 initiative.

Another NIF-supported project that comes under the EU's Horizon 2020 Initiative is the Integrated Depollution Programme in Lake Bizerte, Tunisia. The programme takes an integrated approach to depollution by investing in four priority sectors. The aim is to systematically eliminate or reduce all sources of pollution to minimise the individual and cumulative impacts of pollution on the lake and coastal marine waters of the Mediterranean: wastewater, solid waste, industrial pollution and diffuse pollution.

One example of a programme that fits into the EU transport policy framework for the region is the EU Neighbourhood Programme Management and Support in the Transport Sector. Here, the overall aim is to boost economic development and job creation in Mediterranean partner countries by building up the transport sector capacity to prioritise, prepare and implement projects. The individual infrastructure projects can then help to connect the EU with its Southern neighbourhood, boost development and address key transport challenges. In the longer term, this could extend the TransEuropean Transport Network beyond the EU's borders and connect countries in the region by building the **Trans-Mediterranean Transport Network**.



The NIF contributes to the Mediterranean Solar Plan, which is a key initiative of the Union for the Mediterranean.

NIF sources of funding

For the 2007-2013 period, the European Commission has made the commitment to contribute a minimum amount of € 789 million for the NIF. In 2013, € 231 million was made available by the EU budget, bringing the total EU budget contribution to the NIF to a total of € 789 million, of which € 142 million was earmarked for the Southern Neighbourhood and € 89 million was earmarked for the Eastern Neighbourhood.

15 EU Member States have also contributed additional grant funding to the NIF. Their contributions are managed by the European Investment Bank in a dedicated Trust Fund. Pledges made by the Member States since the inception of the NIF now stand at € 80 million as of end of 2013. 100% of the pledges were paid by contributing Member States.

Member States
Pledges contributions for the NIF Trust Fund (2008-2013)

	€ Million
Austria	3
Bulgaria	1
Czech Republic	2
Estonia	2
Finland	3
France	27
Germany	31
Greece	1
Italy	1
Luxembourg	1
Poland	3
Portugal	1
Romania	1
Spain	2
Sweden	1
Total Amount (at 31/12/13)	**80**

In the Eastern Neighbourhood, the NIF contributed to a number of key programmes that come under the **Eastern Partnership** or the **Black Sea Synergy**. The Eastern Partnership was set up in 2009. Key flagship initiatives include integrated border management, SMEs, regional energy markets and energy efficiency, environmental management and civil protection. The Black Sea Synergy is a regional cooperation initiative involving increased cooperation among the countries surrounding the Black Sea. Areas that it works on include environment, energy and transport.

A project that is in line with the Black Sea Synergy is the Jvari – Khorga Interconnection (Transmission Line and Substation) in Georgia. The interconnection aims to improve the country's energy infrastructure, facilitate hydropower development in Georgia and boost the country's power export and transit potential. It is the extension of the Black Sea Transmission Network (BSTN), which connects Georgia to Turkey.

Helping micro, small and medium-sized enterprises to grow, create jobs and export is in the 2011-2014 Medium-Term Programme for a Renewed European Neighbourhood Policy. Aims include improving access to advisory services and investment financing. The Eastern Partnership SME Direct Support Facility project is part of this policy effort. The Facility seeks to improve access to finance by providing guarantee schemes and technical assistance to increase the number of viable projects carried out by SMEs. It concerns countries that will enter a Deep and Comprehensive Free Trade Agreement (DCFTA) with the European Union (Ukraine, Georgia and Moldova).

In the transport sector, the Moldova railways fleet renewal project will ensure the refurbishment of the old passenger rolling stock of Moldovan Railways and the acquisition of new rolling stock (locomotives). The investment will result in improved fuel efficiency, reduced pollution and better passenger safety compared with the existing fleet. The project concerns major routes in Moldova giving access to EU markets, especially by **connecting Moldova to TEN-T projects in Romania**.

In terms of energy efficiency, the social & energy efficiency housing finance project in Armenia aims to encourage banks to grant smaller loans (with longer maturity) than currently practised for house renovation work and to introduce awareness and good practices in energy efficiency housing and finance. The project is complementary to the EU Green for Growth Fund (public private partnership), which provides financing and technical assistance for energy efficiency and renewable energy projects.

Operations in 2013

Operational overview

In 2013, seventeen projects in the Neighbourhood region received final approval from the NIF Board for a total NIF contribution of over € 163 million. That is well above the average number of projects (i.e. just over 13) approved per year since 2008. It is also higher than the average yearly contribution since 2008, which comes to around € 125 million. Since 2008, a grand total of 82 projects and € 753 million of NIF contributions have been approved by the NIF Board.

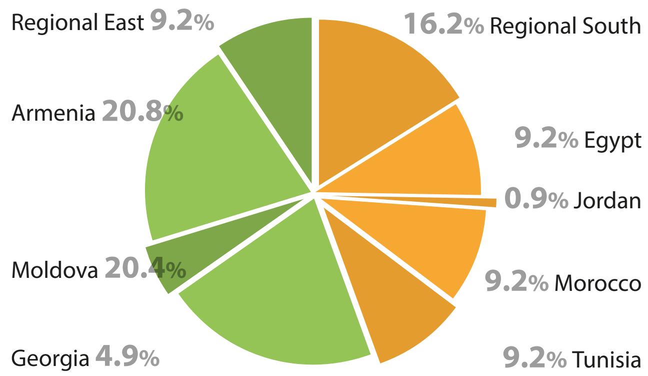
During the year, the **geographical allocation** of the NIF grants has been fairly well balanced. For the first time, approvals in the East turned out to be higher than for the South following the political impasse in many countries in the aftermath of the Arab Spring. Ten projects in the Eastern region were approved in 2013, including a total NIF contribution of € 90.5 million (55%). By comparison, seven projects in the Southern region were approved, including a total NIF contribution of € 73 million (45%).

Seven countries (Armenia, Egypt, Georgia, Jordan, Morocco, Moldova and Tunisia) directly benefited from a NIF grant last year. Other countries in the Neighbourhood region may benefit from the regional projects that have been approved. Substantial support was provided to regional projects[1] in the South, representing a total NIF contribution of € 26.5 million, and the East, € 15.1 million.

With regard to the **sectoral distribution** of the NIF grants, the vast majority of NIF support in 2013 was granted to energy, transport and water/sanitation projects with a total of € 147 million (89.9%) approved. The NIF also supported private sector development with € 10 million (6.1%). A multisector project was granted € 5 million (3.1%) while a social sector project was granted € 1.5 million (0.9%).

The **type of support** that was offered by the NIF in 2013 was mostly focussed on investment grants (€ 98 million or 60% of NIF contributions). This type of support is the most direct way to lower the costs of financing for the borrower while technical assistance (TA) ensures the quality of project preparation and implementation. In 2013, 21% (or € 34 million) of NIF contributions financed TA, including feasibility studies, support for project implementation units, works supervision, etc. NIF support also came in the form of risk capital (€ 30.9 million or 18.9 %).

by region



The **financial leverage effect** of NIF contributions in 2013 has increased from 1:8.6 to 1:9.3. Overall, € 163.5 million of NIF grants will leverage over € 1.52 billion of loans from the European Finance Institutions. In other words, for every euro provided by the NIF, more than € 9 of lending or investment from the European Finance Institutions were mobilised. Such a figure partly takes into account potential lending by the EFIs to future projects for which the NIF is for the time being funding preliminary preparatory studies and does not reflect the potential multiplier effect of the NIF contribution on other non-European or private co-financiers.

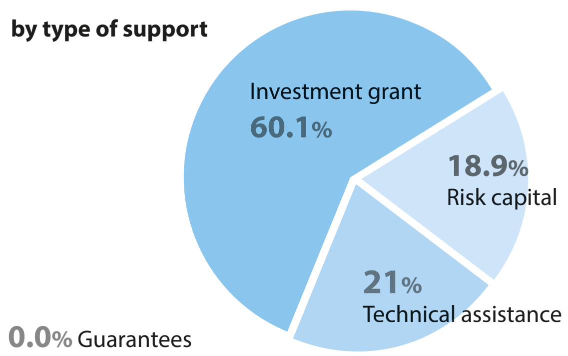
The NIF once again **rapidly delivered its support** to both final beneficiaries and European Finance Institutions.

In 2013, a total of 17 agreements were signed, representing a total of € 162.9 million of NIF grants, surpassing all previous achievements in this regard. Total **disbursements** during the year reached record levels of almost € 49.5 million in total (€ 47.3 million disbursed from the EU budget and some € 2.2 million from the NIF Trust Fund).

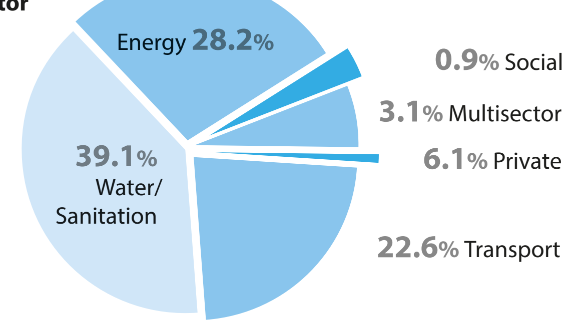
In terms of **the origin of the funds** approved, out of the € 163.5 million approved, € 154 million were allocated from the EU budget and € 9.5 million from the NIF Trust Fund.

NIF Portfolio % of total NIF contributions

by type of support



by sector

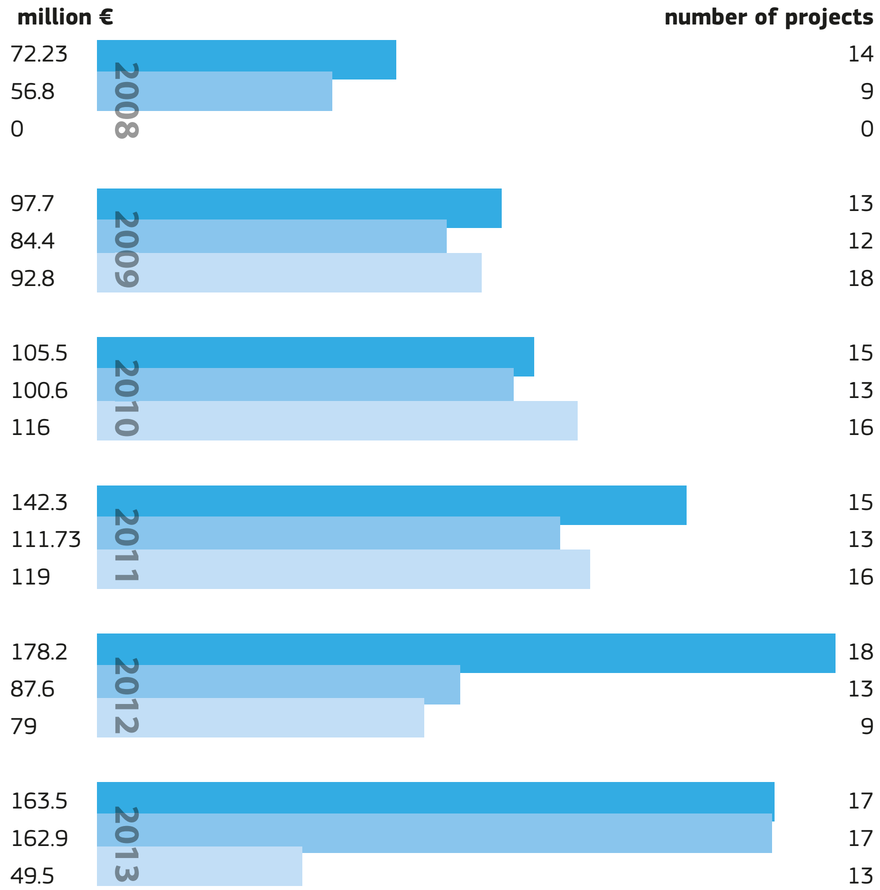


1. Regional projects are NIF projects that benefit more than one country.

NIF approvals
Refers to number of approvals in the year. In some cases the NIF project contribution was split into separate tranches approved in different years. Net of cancellations)

NIF signatures
Refers to projects for which an agreement was signed during the year. In some cases more than one agreement was signed for the same project.

NIF disbursements
Indicates number of projects under which a disbursement took place over the year.



The transport sector was the third biggest beneficiary of NIF funds in 2013.

Projects approved in 2013 – South

In 2013, seven projects were approved in the South for a total NIF contribution of **€ 73 million**.

ENERGY

REGIONAL

SEMED Regional Sustainable Energy Finance Facility (SEFF): Phase 1 – Morocco and Jordan

Total cost € 141.7 million
NIF grant € 16.5 million
Lead finance institution EBRD with a loan of € 30 million
Co-financing institution EIB, KfW with loans of € 30 million each, AFD with a loan of € 20 million
Type of NIF support Risk capital (incentives to end borrowers linked to achievements)

Morocco and Jordan are looking to move away from their dependence on fossil fuel imports. Both countries have considerable potential for renewable energy production as they are located in the global sunbelt and are rich in wind, geothermal and, in some instances, hydropower resources.

SEMED Regional Sustainable Energy Finance Facility (SEFF) Phase I is a joint action between the EBRD and the KfW, the EIB and the AFD to extend at least € 110 million of credit lines to Participating Financial Institutions (PFIs) in Morocco and Jordan to finance energy efficiency and small renewable energy investments in industry, SMEs, agribusiness, commercial services and the residential sector. To be eligible for funding from the Facility, sub-projects need to generate reductions in energy consumption, reductions in CO_2 emissions and/or need to use renewable energy.

As a result, the Facility will contribute to climate change mitigation by promoting investments that reduce greenhouse gas emissions, increase the use of renewable energy and support the local production base and R&D in sustainable energy. Investments in energy efficiency and renewable energy measures of € 121 million are expected to reduce greenhouse gas emissions by more than 150,000 tonnes of CO_2 per year. It is hoped that some 25% of the Facility will be used to finance renewable energy investments (versus 75% for energy efficiency). By financing sustainable energy investments, the Facility will not only reduce companies' final energy costs but also increase their efficiency and competitiveness and will contribute to job creation.

The EU grant is being used for incentive payments that will help to generate and prioritise financially viable investments by softening market-based financing conditions applied by commercial banks to loans provided to their clients. This will increase affordability for end borrowers.

The Facility will also contribute to improving public awareness of the benefits and uses of renewable energy technologies and energy conservation principles and practices in private sector enterprises, including SMEs. Another aim is to develop technical expertise in the local service industry to ensure sustainability in the identification and preparation of technically and environmentally feasible sustainable energy projects.

The success of the Facility will be measured against greenhouse gas reductions (as tCO_2/year), energy savings (as MWh/year) and renewable capacity installed capacity (as MW).

The development of renewable energy, such as solar energy help countries to reduce their dependence on fossil fuel imports and increase energy security.

ENERGY

JORDAN

Support for the Sustainable Credit Facility
Total cost € 38.5 million
NIF grant € 1.5 million
Lead finance institution AFD with a Facility of € 40 million
Type of NIF support Investment grant

Jordan is heavily reliant on energy imports and has the lowest energy efficiency in the Middle East and North Africa region. With limited local energy resources, the dual impact of rising energy prices and increased demand are key reasons why Jordan needs to diversify its energy mix and secure a stable energy supply.

In 2007, the government updated its energy master plan, a comprehensive strategy for the energy sector designed to transform the existing energy mix from one heavily reliant on oil and natural gas to a more balanced mix with a higher proportion of energy coming in particular from renewable sources. Jordan has enormous solar energy potential (around 300 days of sun per year). The recent adoption of a Renewable Energy and Energy Efficiency Law in 2012 is meant to help promote private sector investment in renewable energies such as this by providing incentives for investments.

In line with the Jordanian government's energy policy strategy, AFD has put in place a € 40 million Sustainable Credit Facility with two Jordanian banks (the Capital Bank of Jordan and the Cairo Amman Bank).

The purpose of AFD's Sustainable Credit Facility is to provide long-term funding at preferential conditions to the business community by establishing and mainstreaming 'green loan' products. The aim is that participating banks identify investment sub-projects within their customer base according to their own credit review procedures and risk criteria and sign loan agreements with companies for eligible sub-projects. The targeted projects are investments in energy efficiency, renewable energies and to a lesser extent pollution abatement. The NIF contribution will provide financial incentives in the form of bonuses to effective small and medium size green investments in Jordan that have used the AFD's credit line. The bonus payments will be made to energy project organisers who have a line of credit from the AFD. The award of bonuses will be checked by an independent consultant who will check the quality of the installation of the equipment that has been funded and will ensure that projects have been put in place in accordance with the investment plan.

MOROCCO

Integrated Wind Energy Programme
Total cost € 859 million
NIF grant € 15 million
Lead finance institution KfW with a loan of € 130 million
Co-financing institution EIB with a loan of up to € 350 million
Type of NIF support Investment grant

The challenge facing Morocco is that it is heavily reliant on other countries for its energy supply. In addition, energy consumption levels are rising and the price of oil products is on an upward curve. Morocco is therefore looking to reduce this dependance on other countries through an energy strategy. The development of renewable energies is at the heart of this strategy. Renewable energy production will help cut greenhouse gas emissions and reduce the country's dependence on fossil fuel imports.

Morocco's Integrated Wind Energy Programme is part of this effort. The Programme includes the construction of three wind farms (Tanger II, Midelt and Jbel al Hadid) with an installed capacity of 450 megawatts structured through public-private partnerships. These three wind parks will receive financial support from the NIF, KfW and EIB.

The aim of this renewable energy Programme is to boost electricity production whilst protecting the environment and offering clean energy to the local population. The Programme will also help to cover growing electricity needs and ultimately create jobs, develop high level expertise and boost research and development in the area of wind power, which offers considerable potential for Morocco in the future.

The Programme is in line with the strategic guidelines of the NIF and the Mediterranean Solar Plan, which aim to contribute to creating conditions for sustainable economic growth whilst respecting the environment.

MIXED

REGIONAL

Fostering EU policy implementation through PPP Project Preparation 'MED 5P Initiative'
Total cost €5 million
NIF grant €5 million
Lead finance institution EIB
Co-financing institution AFD, EBRD, KfW
Type of NIF support Technical assistance

The MED 5P initiative supports public authorities in Egypt, Jordan, Morocco, Tunisia and Lebanon that are contemplating the procurement of infrastructure through public-private partnership (PPP) structures.

The MED 5P initiative contemplates a EUR 15 million envelope for a technical assistance facility (the first EUR 5 million tranche having been approved by the NIF). MED 5P resources will be allocated to finance legal, financial and technical advisory services for the preparation, procurement and implementation of PPP projects in the transport, water and wastewater, waste management, energy and renewable energy, social and urban infrastructure sectors. MED 5P will also foster PPP projects with a climate mitigation or adaptation component.

It is envisaged that the total envelope of MED 5P will cover the cost of transaction advisory services for the preparation of around 6 PPP projects. Depending on resource utilisation, the complexity of the project structures and the time flow for the processing, it may be possible for even more projects to be supported by the facility.

The MED 5P will start in early 2014 as the EIB has already identified an initial project pipeline which requires technical assistance support. The NIF contribution will thus bring significant added value to the economies of the pilot countries by:

- Generating a pipeline of EU policy-linked PPP projects in the Southern Neighbourhood including transformational regional projects;
- Bringing to the Southern Neighbourhood the experience of PPP projects in the European Union (particularly in the implementation of Trans-European Networks (TENs);
- Increasing co-ordination between the contracting authority, EU Member States, pilot countries, the organisation, the EBRD, AFD and KfW, and other IFIs;
- Fostering PPP projects with a climate mitigation or adaptation component;
- In overall terms, complementing available resources for PPP project preparation with a regional angle.

MED 5P resources will be used for advisory services for possible public-private partnership projects in areas such as renewable energy.

TRANSPORT

REGIONAL

EU Neighbourhood Programme Management and Support in the Transport Sector
Total cost € 7.1 million
NIF grant € 5 million
Lead finance institution EIB
Co-financing institution AFD, EBRD, KfW
Type of NIF support Technical assistance

Investments needed to modernise public infrastructure and utilities in the Southern and Eastern Mediterranean by 2030 are estimated to amount to € 300 billion and government resources alone will not be sufficient. Countries need to be able to leverage existing resources and develop additional capacity to attract private sector investors.

Lessons learnt from past experience have shown that the development of transport projects is a very lengthy and resource-intensive process requiring a wide range of skills and know-how pooled into a project preparation team. Mediterranean countries may be unfamiliar with the array of external sources of and procedures for financing large infrastructure projects. This clearly contributes to the underdevelopment of transport networks in and across these countries.

The overall aim of the programme is to boost economic development and job creation in the Mediterranean partner countries (MPCs, i.e. Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Syria, Tunisia, Turkey) by building up their capacity to prioritise, prepare and implement transport sector projects. The individual infrastructure projects can help to connect the EU with its Southern neighbourhood, boost development and address key transport challenges.

The programme will support EU objectives by promoting: (a) closer integration between the transport markets of the EU and those of the MPCs, which can make transport connections faster, cheaper and more efficient, to the benefit of citizens and businesses; (b) moving towards an integrated infrastructure in the Mediterranean by fostering on going European Commission-led initiatives such as the extension of the TransEuropean Network-Transport (TEN-T) beyond the EU's borders and the development of the future Trans-Mediterranean Transport Network; (c) supporting democratic transformation and the Arab Spring countries, including by improving governance and transparency; improving the business environment; developing skills; and boosting employment levels; (d) sustaining MPCs efforts in the area of climate change mitigation and adaptation to address the issue of low carbon development and to improve resilience to climate change impacts via the implementation of projects in the transport sector; (e) supporting the call for a pragmatic approach towards transport sector development; (f) supporting and inviting international financing institutions to assist the Mediterranean partner countries in developing transport strategies and helping them to identify priority infrastructure and prepare project proposals.

The NIF grant will fund part of the costs of the team that will direct and supervise feasibility studies to develop mature bankable transport projects that could be funded and built. The NIF contribution will help boost capacity at national and local level by assisting and steering the authorities in the process of prioritising, identifying, preparing, structuring and implementing projects. This process will be combined with the European Commission's efforts in the area of institutional and regulatory capacity building;It will also contribute to EU policy objectives in support of transport infrastructure development in the Mediterranean region by linking it with the EU as the extension of the TEN-T and the EuroMediterranean Transport Programme. It is expected that, by the end of the initial three year programme, up to 40 technical assistance actions will have been supported across a range of sectors. The initial list of projects to be supported is currently under development, within the context of the EuroMed Transport Forum.

Mediterranean countries are looking to improve their transport networks, efficient transport is a critical component of economic development both regionally and nationally.

WATER/SANITATION

EGYPT

Kafr El Shekh Wastewater Expansion (KESWE)
Total cost € 163.5 million
NIF grant € 15 million
Lead finance institution EIB with a loan of € 77 million
Co-financing institution EBRD with a loan of € 55 million
Type of NIF support Investment grant and Technical assistance

Wastewater services have lagged behind in rural Egypt, leaving about 44% of the population in the Kafr El Sheikh Governorate still unserved in 2012 despite the many initiatives to increase sewerage coverage. However, there is a clear demand for wastewater services and this demand will remain high for some time to come.

Expansion of wastewater treatment in the Kafr El Sheikh (KES) Governorate was identified as a priority project under the EU's Horizon 2020 initiative and prepared by the EU financed Mediterranean Hot Spots Initiative – Project Preparation and Implementation Facility (MeHSIP-PPIF) led by the EIB. The Horizon 2020 Initiative aims to reduce the pollution of the Mediterranean by the year 2020 by tackling the sources of pollution that account for around 80% of the overall pollution of the Mediterranean Sea: municipal waste, urban waste water and industrial pollution.

The project is located in the Kafr El Sheikh Governorate, which is located in the north of Egypt, in the lower Nile Delta, approximately 125 km north of Cairo. The population of the governorate in 2012 came to nearly three million. There are 11 cities in the governorate, with Kafr el Sheikh City as its capital. The villages are large, with populations up to 30,000 inhabitants.

The project aims to improve health standards for residents, the quality of irrigation water, as well as the environmental quality of the Nile, Lake Burullus, and the Mediterranean Sea. Investing in wastewater infrastructure in KES will provide first time sanitation services to approximately half a million consumers. Indirect benefits include an expected increase in the volume and quality of fish in Lake Burullus (70% of the country's fishing industry), safer agriculture production, improved conditions for tourism on the Mediterranean coast and job creation. The project is expected to create over 37,000 man-years during planning and construction phase, and 1,400 jobs annually in its operational phase.

The project involves the construction of two new Wastewater Treatment Plants (WWTPs), the expansion of three existing WWTPs and the laying of 694 km of sewers with the installation of 52 pump stations in the Kafr El Sheikh governorate. The provision of rural sanitation services will contribute to improving health standards of KES residents and the environmental quality of the Nile, Lake Burullus, and the Mediterranean Sea.

In addition, improved sanitation services are expected to increase customers' willingness to pay, improve collection rates and revenue streams, and as such make future sanitation projects more financially sustainable. Success in implementing this project may serve as a pilot for the Egyptian government in rolling out its sanitation expansion programme.

The NIF grant will help to strengthen the institutional capacity to implement the project both in terms of supervision during construction and technical assistance to support operation and maintenance.

Egypt is working hard to improve its treatment of waste water.

WATER/SANITATION

TUNISIA

Integrated Depollution Programme
Lake Bizerte
Total cost € 90 million
NIF grant € 15 million
Lead finance institution EIB with a loan of up to € 40 million
Co-financing institution EBRD with a loan of 20 to € 30 million
Type of NIF support Investment grant and Technical assistance

The programme is located in the Governorate of Bizerte, northern Tunisia, approximately 60 kilometres north of Tunis. It encompasses the whole catchment of the Lake of Bizerte, including the Lake of Ichkeul and surrounding areas down to the Mediterranean coast. The largest urban areas in the catchment include Bizerte, Menzel Abderrahman, Menzel Jemil, Menzel Bourguiba, Tinja and Mateur. Lake Bizerte is a coastal lagoon connected to the Mediterranean Sea through a channel. The commercial port of Bizerte is located here. There are large urban agglomerations and various industrial and commercial activities in the vicinity. Lake Bizerte is therefore affected by industrial, urban and agricultural sources of pollution.

The programme is unique as it takes an integrated approach to depollution by investing in priority sectors. The aim is to systematically eliminate or reduce the main sources of pollution to minimise the individual and cumulative impacts of pollution on the lake and coastal marine waters of the Mediterranean: wastewater, solid waste, industrial pollution and diffuse pollution. One specific objective is to eliminate or reduce the pollution load from all sources of urban or industrial liquid and aerial emissions in the watershed of Lake Bizerte, thus improving health conditions and quality of life for its residents.

In addition, the investment is coupled with a technical assistance set-up that aims to support the implementation of the programme and to strengthen the local institutional framework. The ultimate objective here is to maintain the lake in a good environmental state in the long run and to promote consistency between environmental objectives and the full realisation of the socio-economic and cultural potential of the region.

The social impact of the programme will be positive as the increase in the quality of the water and the environment, which will provide possibilities for the development of tourism activities as well as improving and increasing aquaculture yields.

The NIF grant will, among other things, support technical assistance activities aimed at preparing a plan of action to increase the resilience of project outputs and outcomes to climate variability and change.

The depollution of Lake Bizerte will contribute to the improvement of health conditions and quality of life for its residents.

Integrated Depollution Programme
(Lake Bizerte, Tunisia)

Lake Bizerte is a natural lagoon of breathtaking beauty but it has suffered from high levels of pollution from unregulated industrial activity and a lack of public awareness. For example, the town of Menzel Bourguiba faces a big problem from the discharge of industrial waste from the Al Fouladh steel factory, household waste and all kinds of liquid waste from port operators.

A solution has been found via an integrated intervention programme for the depollution of the basin bordering the Bizerte lagoon and its surrounding areas, for the restoration of the variety and quality of its water and ecosystems. The programme is part of the EuroMediterranean Horizon 2020 initiative that aims to appreciably reduce pollution levels of the Mediterranean sea by 2020 to promote socio-economic development and improve the quality of life for people in the region.

Several interventions are being carried out: for example, the upgrading of all the polluting infrastructures situated around lake Bizerte, including the Menzel Bourguiba landfill; the rehabilitation of sewage systems; the reduction of atmospheric liquid and solid emissions from the Al Fouladh factory and those from the cement factory.

Since January 2011 the Tunisian government has demonstrated greater sensitivity to the demands of environmental concerns touching on issues such as neglected industrial emissions or the siting of a new landfill. As a priority programme, the NIF Board decided to contribute to this programme. The investments in the programme were requested by the local population as part of the consultation process and will have a considerable socio-economic impact for local populations, increasing support for the project at local level.

However, Stefano Corrado, the EU delegate responsible for environmental issues, notes:

"Evidently the project cannot tackle all the existing sources of pollution across this vast area and independent solutions will need to be investigated to address incidents of diffuse pollution from sectors such as agriculture and transport. Nevertheless, we are counting on the public authorities taking similar steps in order to widen the scope of the project and make the results more sustainable. It will be a question of applying the participatory approach initiated by the project and using the results of the in-depth environmental diagnostic which has just been undertaken."

In particular, the programme takes an integrated approach to depollution by investing in four priority sectors. The aim is to systematically eliminate or reduce all sources of pollution to minimise the individual and cumulative impacts of pollution on the lake and coastal marine waters of the Mediterranean: wastewater, solid waste, industrial pollution and diffuse pollution. All of them will help to foster sustainable development in the Lake Bizerte region (North Tunisia) through a combination of infrastructure and tailored technical assistance supporting implementation, long-term sustainability of depollution solutions as well as regional planning.

The Programme will contribute to the Barcelona Convention and the Horizon 2020 Initiative's objectives in reducing land-based pollution sources reaching the Mediterranean Sea as well as to increase the quality of the environment around the lake and thus contribute to improving people's lives and increasing the potential for sustainable socio-economic development of the region.

A Tunisian sailor harvesting mussels.

Projects approved in 2012 – East

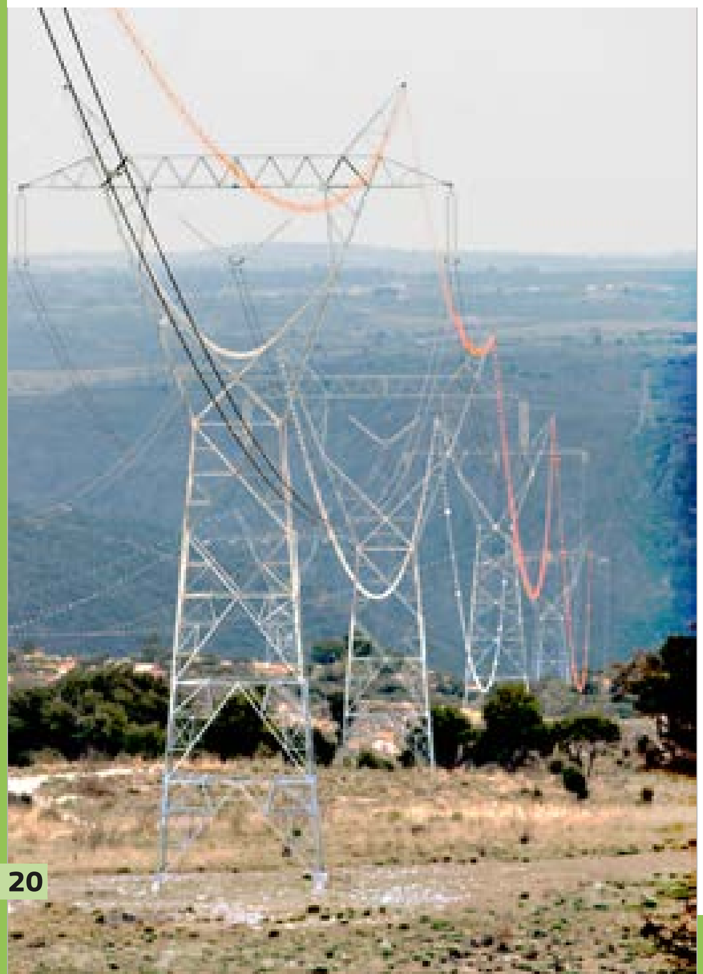
In 2013, ten projects were approved in the East for a total NIF contribution of **€ 90.5 million**

ENERGY

GEORGIA

Jvari – Khorga Interconnection (Transmission Line and Substation)
Total cost € 71.4 million
NIF grant € 8 million from NIF Trust Fund
Lead finance institution KfW with a loan of € 22.15 million
Co-financing institution EBRD with a loan of € 25.2 million
Type of NIF support Investment grant

Given its geographical location, Georgia has the potential to act as an 'energy bridge' not just between south Caucasian countries but also between Turkey/Western Europe and the Caucasian and Middle Asia region. Transiting energy, whether within Georgia or when exporting it to neighbouring countries, requires a reliable transmission network.



The project covers the Jvari-Khorga region in north western Georgia, which has considerable potential hydro power resources. It is the extension of the Black Sea Transmission Network (BSTN), which is financed by the NIF, the EIB, the EBRD and the KfW and which connects Georgia to Turkey. The BSTN establishes a strengthened internal transmission network with a High Voltage Direct Current (HVDC) link to Turkey. The new project comprises the construction of 68 km of overhead transmission lines and a new 500/220kV substation.

This new interconnection will eliminate existing bottlenecks in the power transmission network in the western part of Georgia, increasing transmission reliability and improving the country's security of supply. As part of a broader effort to improve the country's energy infrastructure, the new structure will facilitate hydropower development in Georgia and boost the country's power export and transit potential.

The interconnection will provide a route through which several small and mid-sized hydropower plants could transmit the power produced (including the existing Enguri Hydro-power plant) partly into the Turkish market.

Direct benefits are the creation of new jobs on substations in Jvari and Khorga. In the short term, the project will create about 50 new jobs for local residents.

Georgia also has substantial untapped hydropower reserves and a correspondingly large potential for greenhouse gas emission savings. So the project may well help with the further development of renewable energy resources by expanding transmission infrastructure to export this clean energy to markets such as in Turkey and Europe. Georgia has already identified 15 small- and medium-sized hydro power projects (with a total output of 2,200 MW) in is Renewable Development Programme. The project will also contribute to environmental and climate protection by making it possible for more renewable capacity (especially hydropower resources) to be added to the network in the northwest of the country in the future.

With a strong and reliable energy transmission network Georgia can act as an 'energy bridge' for the region.

CASE STUDY

Jvari – Khorga Interconnection
(Transmission Line and Substation) in Georgia

In Georgia, two thirds of the energy resources are located in the north west of the country while two thirds of the domestic demand is located in eastern Georgia. Additionally, most of the potential export market is located in countries to the south of Georgia (e.g. Turkey, Iran and Iraq) which are experiencing rapid economic development and growth in electricity demand. Power delivery to any of these markets requires a reliable high voltage transmission network. Currently there is only one strong transmission line connecting west and east Georgia. Any fault on this line causes a big power deficit in the east of the country and has resulted in frequent total system blackouts.

In addition to the national power grid reliability problem, there is a shortage of high voltage transmission lines. The latter problem restricts existing and future opportunities for export potential and plans to develop Georgia as a power transit country. Upgrading existing high voltage transmission line networks and constructing new ones is therefore one of the Georgian government's development priorities.

As a result, the Georgian government decided to develop a transmission line network to meet current demand and potential export needs through the Black Sea Transmission Network Project (estimated cost: 270 million euro). The first stage was to complete a 500kV transmission line from Gardabani to Zestafoni, a new Akhaltsikhe substation and a new 400kV line from the Akhaltikhe substation to the border with Turkey. The current second stage, the Jvari – Khorga interconnection, aims to improve the country's energy infrastructure, facilitate hydropower development in Georgia and boost the country's power export and transit potential.

The project includes the construction of a new 500kV/220kV substation at Jvari; a double circuit 500 kV (8 km) transmission line from the Kavkasioni line to the Jvari substation and a double circuit 220 kV (60 km) transmission line between Jvari and Khorga.

The project will not only strengthen the reliability and stability of the Georgian transmission network but also pave the way for investments in more hydropower production in northwest Georgia; and ultimately improve the capacity and reliability of the electricity system to supply areas of significant potential growth in demand. This project will help Georgia move towards international best practice in terms of system reliability. It will set higher standards for operation and system planning and improve quality of supply.

ENERGY

REGIONAL

Caucasus Sustainable Energy Finance Facility: Implementation Support (Armenia, Azerbaijan and Georgia)

Total cost € 64.6 million

NIF grant € 5.1 million

Lead finance institution EBRD with a loan of € 50 million

Type of NIF support Technical assistance and risk capital (incentives to end borrowers linked to achievements)

Armenia, Azerbaijan and Georgia have a large industrial sector that is a big consumer of energy (approximately three times more than the EU average). Georgia and Armenia are highly dependent net energy importers in the region and as a result of the increased price of gas, companies now have to find ways to improve their own production, either by cutting costs or investing in making the process more efficient.

The Caucasus Sustainable Energy Financing Facility provides financing to local financial institutions that in turn offer loans for energy efficiency and renewable energy to private and residential sectors in Georgia, Armenia and Azerbaijan.

The Facility aims to achieve increased market awareness and transfer of skills relating to rational energy utilisation as well as savings in energy consumption and the reduction of CO_2 emissions. The funds are channelled through financial institutions in the Caucasus to increase their investment portfolios in energy efficiency and renewable energy projects, which are then lent to the private and residential sector to invest in energy efficiency and renewable energy projects.

The EU contribution will focus on providing financial incentives that will stimulate demand by rewarding end borrowers who implement best available technology with a higher incentive payment rate to compensate for the higher cost of implementing the best available technologies. The EU will also contribute to the verification consultancy services linked to the financial incentives as well as the visibility activities that will allow capacity to be built and awareness to be raised about the actual savings that can be achievable thanks to the investments.

PRIVATE SECTOR DEVELOPMENT

REGIONAL

DCFTA (Deep and Comprehensive Free Trade Area) SME Direct Support Facility

Total cost € 61.5 million

NIF grant € 10 million

Lead finance institution EBRD with an investment of € 60 million

Co-financing institution SIMEST

Type of NIF support Risk sharing and Technical assistance

SMEs in countries that will enter a Deep and Comprehensive Free Trade Agreement (DCFTA) with the European Union (Ukraine, Georgia and Moldova) continue to have limited access to financing while their financial sectors refrain from offering them adequate products in the local currency and for longer terms. The SME Direct Support Facility combines EBRD and SIMEST loans/equity investments with EU grants provided via the NIF, to support direct SME financing in the European Eastern Neighbourhood. The Facility seeks to improve access to finance by providing guarantees schemes and technical assistance to increase the number of viable projects carried out by SMEs.

The Facility is vital to support the DCFTA NIF East countries with the implementation of their respective DCFTAs with the European Union. The DCFTAs will allow SMEs in these countries to benefit from the liberalised trade in goods and services, with particular provisions for the agricultural sector, infrastructure and energy, as well as corporate governance, transparent procurement, competition and harmonisation of local legislations with the EU laws.

It is a Facility designed to use EU funds on a blended basis with EBRD funds to support private sector development in the region by increasing the amount and breadth of direct financing to SMEs and by improving their capital investment skills.

Finance institutions will provide a minimum of € 60 million of innovative financing to SMEs. When combined with the expected contributions from SMEs, the total amount of investments could reach € 150 million. With an average size of financings expected to be three million euro, the project will benefit at least 20 SMEs and possibly up to 50 SMEs.

Aims of the project include to improve access to finance for local SMEs in the region, to provide long-term local currency financing, which is generally not available, thereby reducing SMEs' currency risk and to help SMEs identify quality capital investment projects and assist in their successful implementation. The increased financing is expected to lead to higher employment in the SMEs and private sector development. The EU approved up to € 9 million for risk sharing and € 1 million for technical cooperation. An important part of this is the Small Business Support programme, which can help companies work out how to realise opportunities (e.g., develop a business plan). Once the business opportunity has been designed, the Facility can then provide the financing required to realise that business opportunity. Small Business Support programmes provide tailored technical assistance and individual consultancy services to SMEs. A large part of the NIF contribution is being spent on an EBRD Small Business Support Team to deliver these services to SMEs.

SOCIAL

ARMENIA

Social & Energy Efficiency Housing Finance

Total cost € 11.5 million

NIF grant 1.5 million from NIF Trust Fund

Lead finance institution AFD with a credit line of € 10 million

Type of NIF support Investment grant and Technical assistance

Armenia is a mountainous country with an average altitude of 1,800 metres where winters are cold and households have to spend a considerable amount of resources on energy. People on lower incomes tend to spend more than 40% of their incomes on energy during the winter. Around one third of the population still live below the poverty line. Around one million Armenians live on lower or middle incomes. This part of the population lives in poor housing conditions and currently has no access to credit to renovate their houses.

The overall aim of this project is to stimulate the renovation of housing for lower and middle income populations, particularly in rural areas and secondary cities.

Through a concessional credit line and the NIF grant, AFD and the EU will help local National Mortgage Company (NMC) and Partner Financial Institutions (PFIs) provide smaller renovation loans or micro credits to lower and middle income households. The project target is to refinance renovation and energy efficiency loans for between 1,600 and 3,000 households.

The project aims to encourage banks to grant smaller loans (with longer maturity) than currently practised for the renovation work and to introduce awareness and good practices in energy efficiency housing and finance (based on the NMC housing mortgage finance expertise and network).

The project will introduce bank renovation loans to the population who do not normally have access to this type of loans, particularly in rural and secondary cities. This will allow the citizens to make the necessary investments to renovate their houses.

Over the medium term, the project also aims to provide awareness with regard to the benefits of energy efficiency to populations, to banks, to equipment providers and to public and local authorities through media campaigns and high level workshops based on successful examples; and to reduce poverty through savings generated by investments covered by the project, especially on fuel and electricity bills during winter time.

Among other things, the NIF grant will finance a strategic study that will propose a housing finance model for Armenia in the long-term as well as draft a new business model and a new strategic plan for NMC.

TRANSPORT

ARMENIA

North-South Road Corridor: Section from Yerevan to Bavra

Total cost € 381 million

NIF grant € 12 million

Lead finance institution EIB with a loan of € 60 million

Type of NIF support Investment grant and Technical assistance

Armenia has a few railway lines and an extensive road network. While the network capacity is adequate for accommodating estimated transport demand up to 2020, the infrastructure has deteriorated rapidly due to lack of funds. Economic development in the Southern Caucasus region is being held back partly because of poor road sections and border crossings.

Road transport, including transit to ports in Georgia, is the dominant mode of transport for trade relations with the European Union and other countries. Improved transport connections are therefore needed to give trade and economic development a boost.

The EU's Neighbourhood Investment Facility (NIF), the EIB and the Asian Development Bank are together providing loans to support the upgrade of part of the 556-kilometre North-South Road Corridor running from the border with Georgia at Bavra to the border with Iran at Meghri via the cities of Bavra, Gyumri, Ashtarak, Yerevan, Goris, Kapan and Meghri.

The section concerned is a 145 km stretch of road along the North-South Road Corridor between Yerevan, the capital of Armenia, and Bavra.

The project is designed to improve Armenia's transport connections to Georgian ports, which are its main economic route to Europe. It is also expected to stimulate regional and international trade.

The new road is expected to cut transit times by reducing congestion, allow for movements of higher volumes of passengers and freight and to be safer than the current road, hence reducing the number of car accidents and saving lives.

The NIF contribution will help with the financing of infrastructure and the provision of technical assistance. A NIF investment grant will be used to pay for works and supplies for the construction of a new highway to convert an existing two-lane single carriageway into a four-lane dual carriageway between Talin and Gyumri. NIF technical assistance will be used to cover the costs of the supervision of the implementation of these construction works and for the necessary studies for the final northern section of the programme from Gyumri to Bavra.

TRANSPORT

MOLDOVA

Moldova railways fleet renewal
Total cost € 66.5 million
NIF grant € 5 million
Lead finance institution EBRD with a loan of € 25 million
Co-financing institution EIB with a loan of € 25 million
Type of NIF support Investment grant

Up until now, Moldova's national railway operator has operated in a manner that has largely remained unchanged for years and the railway sector urgently needs to be restructured. The poor present condition of Moldova's rail passenger rolling stock and the inefficiency of the railway sector are acting as a significant deterrent to investment in Moldova and to the development of external trade links to the West and the East. The rehabilitation of passenger rolling stock is considered vital to improve access to EU markets.

The NIF, the EBRD and the EIB are providing funding to enable the Moldovan government to undertake urgent refurbishment of the old passenger rolling stock of Moldovan Railways and to acquire new rolling stock (locomotives). The refurbishment and acquisition will lead to a higher quality of service and to a reduction in operating costs. Other benefits will be to enhance the operator's capacity in railway sector restructuring, procurement and implementation, cost management and energy efficiency.

The investment will result in improved fuel efficiency, reduced pollution and better passenger safety compared with the existing fleet. The technical specifications for rolling stock refurbishment will include energy efficiency requirements in order to ensure that modern and more efficient technologies are incorporated into the new fleet. The NIF contribution will be used exclusively for the refurbishment and the acquisition of new rolling stock.

As a result of the project, Moldovan Railways are expected to save more than € 4.5 million per year in diesel, which represents over 15,000 tonnes of CO_2 and 17% of their energy bill.

MOLDOVA

Moldova roads rehabilitation IV
Total cost € 315.5 million
NIF grant € 15 million
Lead finance institution EBRD with a loan of € 150 million
Co-financing institution EIB with a loan of € 150 million
Type of NIF support Investment grant

Moldova's roads are in poor condition and road safety remains a reason for concern despite the beginning of the implementation of the government's road safety action plan. The poor condition of the road network is acting as a significant deterrent to investment in the country and the development of external trade links to the West and to the East.

Funding from the EU's NIF, the EBRD and the EIB will allow Moldova to upgrade its road network, make urgently needed repairs and ensure that the key road links are maintained so that they facilitate economic growth and regional integration.

The overall aim of the project is both to make repairs to roads and to address related road safety issues. The works will include the provision of safety features including new crash barriers, road signs, road markings and improved pedestrian crossing facilities.

"A well-functioning transport system is critical for economic growth and improving Moldova's road infrastructure is one of my government's key priorities. We expect around 1,000 jobs to be created by this investment and it will reduce business costs and increase productivity, creating economic growth and prosperity for all," said Moldova's Prime Minister Iurie Leancă.

The NIF contribution will be used for the construction works and supervision of the Bahmut bypass on the R1 Chisinau-Ungheni-Sculeni–Romanian border road and the Vulcanesti bypass on the M3 Chisinau-Giurgiulesti, Romanian border road.

NIF has contributed to phases II, III and IV of Moldova's road rehabilitation programme.

Moldova roads rehabilitation IV

Moldova is a landlocked country situated between Romania and the Ukraine, with the exception of a short frontage of 500-800m on the river Danube in the extreme south of the country where the International Port of Giurgiulesti is located. With the accession of Romania to the European Union at the beginning of 2007, Moldova is becoming increasingly important as a border state between the EU and former Soviet Union countries further to the East.

The extent of the Moldovan road network (excluding Transnistria) has changed little over recent years, with a total length of 9,332 km, of which 3,335 km are national roads. Currently only about 26 per cent of national roads are in good to fair condition. In recognition of this, the government approved a comprehensive Land Transport Infrastructure Strategy for the period from 2008 until 2017 with a special focus on the road sector and is currently finalising a Transport and Logistics Strategy. Within the context of this strategy, the government decided to sharply increase spending on road maintenance and rehabilitation, using both domestic and external. To support the government's efforts in 2007 the WB, EBRD, EIB and, in 2008 the NIF, agreed to support the government's Transport Infrastructure Strategy and committed a total of € 250 million to finance the rehabilitation of the country's main roads.

The ongoing road rehabilitation programme and recently intensified road maintenance have shown tangible results in improving road conditions in Moldova. However, road safety remains a cause for concern despite the beginning of implementation of the government's road safety action plan. Various factors such as the poor state of the roads, their design, driver behaviour and insufficient enforcement of road traffic regulations play a significant role.

As part of the ongoing effort the government has sent the EBRD and EIB a request to provide further financing for the rehabilitation of road. The NIF project is designed to address both the rehabilitation needs of the roads and related road safety issues.

Broadly speaking, funding from the EU's NIF, the EBRD and the EIB will allow Moldova to upgrade its road network, make urgently needed repairs and ensure that the key road links are maintained so that they facilitate economic growth and regional integration.

Moldova is taking action to repair its roads: currently only around a quarter of its roads are in good to fair condition.

ARMENIA

Communal Infrastructure Programme (CIP)

Total cost € 87.5 million
NIF grant € 15 million
Lead finance institution KfW with a loan of € 30 million and a € 2.5 million grant for technical assistance.
Co-financing institution EIB with a loan of € 25.5 million
Type of NIF support Investment grant and Technical assistance

Despite the plentiful supply of water and major improvements in the water supply infrastructure, a considerable part of the Armenian population (especially outside the capital Yerevan) still does not have adequate access to a continuous supply with drinking water or to sewage systems. The main problem is the bad shape of the existing infrastructure. In addition, waste water treatment is almost non-existent.

The Communal Infrastructure Programme focuses on the rehabilitation and construction of water/ sewage infrastructure in cities and communities throughout Armenia (with the exception of Yerevan, which is already covered by other programmes). It complements past investments into water systems and includes the construction of a waste water treatment plant in Nor Akunq (Armavir).

The project will cover the secondary cities of Gyumri, the second largest city in Armenia (approx. 170,000 people), which is located in northern Armenia; Vanadzor (approx. 105,000 people) and Armavir (approx. 26,000 inhabitants).

The Programme addresses the key problems such as high health risks for the population caused by inadequate access to drinking water, the pollution of the environment through the uncontrolled disposal of untreated waste water into the grounds and the inefficient use of the resource "water" through extremely high levels of technical losses in the systems. In order to remedy these problems, the initiative includes the rehabilitation and extension of existing water supply and sewage systems in selected areas as well as the construction of one waste water treatment plant.

The expected results of the Communal Infrastructure Program are as follows: construction and rehabilitation of most water supply networks in Gyumri, Vanadzor, Armavir/ Metsamor, and specific villages of the Armenian Water and Sewerage Company (AWSC) service area (main pipelines, distribution networks, house connections, etc.); rehabilitation and extension of most sewage systems in the same project area (networks, main collectors, etc.). The NIF investment grant will ease the financing conditions of the loans and therefore reduce the necessary increase in water tariffs to an affordable level for the relatively poor population in the area covered by the project. The grant will also help in the detection of leaks and thereby ensure that less water is wasted.

Armenia's Communal Infrastructure Programme is focussing on rehabilitating and building water and sewage infrastructure.

ARMENIA

Yerevan Water Supply Improvement Project

Total cost € 17.2 million
NIF grant € 5.5 million
Lead finance institution EBRD with a loan of € 5.5 million
Co-financing institution EIB with a loan of € 5.5 million
Type of NIF support Investment grant

The water infrastructure in Yerevan, Armenia, has deteriorated to such an extent that it results in significant technical water losses through leaks and breakage and significant commercial water losses due to a lack of water metres, altogether representing a loss in excess of 80%. The project will focus on priority investments that will reduce these losses, improve services and contribute to a sustainable water system with positive environmental and energy efficiency effects.

The Armenian government is receiving a NIF investment grant, together with EBRD and EIB loans, with the aim of improving the water supply for the 1.1 million inhabitants of Yerevan, the capital of Armenia.

The funds will be used to rehabilitate sections of the water distribution network that are in poor condition, replacing supply pipes. The water infrastructure operator will also install new water metres for households. As well as reducing water losses, the investments will lower operational costs, while improving the reliability of tariff collection and of 24-hour supply in all the targeted districts.

The NIF contribution will allow for more private sector involvement in the water sector and help the sustainability of the sector by reducing water losses and improving individual connections.

MOLDOVA

Chişinau Water Development Programme

Total cost € 62.1million
NIF grant €13.4 million
Lead finance institution EBRD with a loan of € 24 million
Co-financing institution EIB with a loan of € 24 million
Type of NIF support Investment grant and Technical assistance

The existing water network in Chișinău, a city of 800,000 inhabitants, is outdated and is no longer sufficient to meet the city's demands. Due to a lack of investment, key parts of the network are in urgent need of refurbishment. Investment planned under the new upgrade programme will reduce water loss, improve water quality and reduce health risks.

The European Union (through a NIF investment grant) has therefore joined forces with the EIB and the EBRD, which are together providing loans amounting to € 48 million, to support the modernisation of water and waste water infrastructure in Moldova's capital, Chișinău.

The EBRD and the EIB will each provide loans of € 24 million to the city's water and wastewater utility while the EU will contribute an € 11 million investment grant supporting the costs of the works and an additional € 2.42 million for project implementation support.

The funds will be used to finance the extension, rehabilitation and modernisation of the water and wastewater infrastructure. The upgrade programme will improve the efficiency of the city's water network, save energy and contribute towards future compliance with relevant EU directives.

"The EU already supported the preparatory phase of this programme by providing € 3 million for a feasibility study and continues its support also by providing an investment grant of € 11 million for the implementation of construction and rehabilitation works," said the European Union Ambassador to Moldova, Pirkka Tapiola.

EU grants will be used to finance the wastewater part of the project that will exceed national performance standards and reach EU standards.

NIF visibility

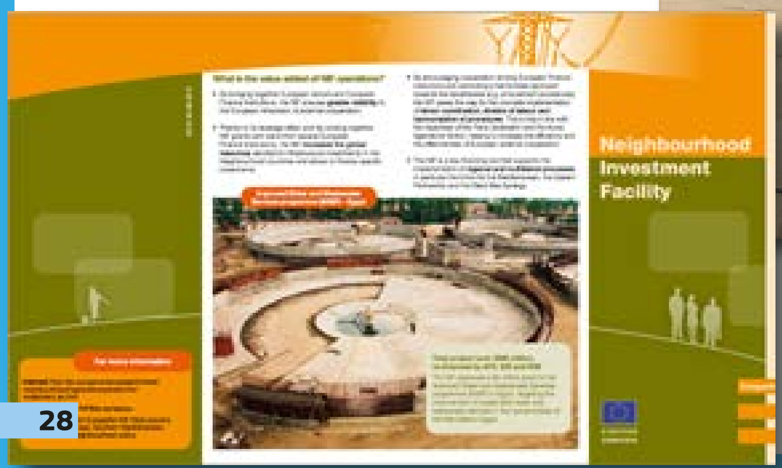
The European Commission, EU Delegations and European Financial Institutions are all involved in ensuring that NIF results and contributions are visible throughout our Neighbourhood partner countries as well as in Europe. Here are some examples of press material, events and communication efforts that have been used to spread the message about the work that the NIF has been doing.

NIF featured by the ENPI Info Centre.

ENPI Info Centre case studies.

Press pack on the Mediterranean Solar Plan.

NIF Annual Reports.



NIF leaflet.

Analysis of NIF portfolio 2008–2013

Between 2008 and 2013, a grand total of **82 projects** have received final approval for Neighbourhood Investment Facility (NIF) funding. The total amount of NIF support provided for these projects comes to **€ 753.4 million**.

Geographical breakdown

During the period from 2008 to 2013, the geographical allocation of the NIF grants has been fairly well balanced. Forty six projects and € 345.3 million of NIF funding have been approved in the East by comparison with 36 projects and € 408.1 million in the South. In addition, regional projects involving more than one country are a major part of the full portfolio of approved projects. Regional projects in the South accounted for 12% of NIF contributions while the corresponding figure for regional projects in the East was 11.1%.

Sector distribution

With regard to the sectoral distribution of the NIF grants, the vast majority of NIF support between 2008 and 2013 was granted to transport, energy and water/sanitation projects with a total of € 147 million (89.9%) approved.

The largest share of NIF support went on transport (27.3%), closely followed by energy (26.7%) and water/sanitation (22.3%).

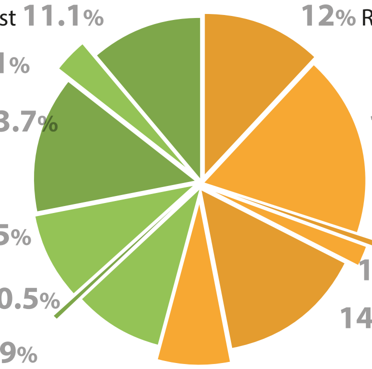
Joint European Operations

There has been a growing trend for projects that receive NIF funding to be funded by more than one European Finance Institution (EFI). Over half of the projects in the East have been funded by two or more EFIs (25 out of 46) and over two thirds in the South have received funding from two or more EFIs (26 out of 36). That breaks down, in the East, to 20 projects involving two EFIs and five involving three EFIs. In the South, 16 projects involved two EFIs, nine projects involved three EFIs and one project attracted as many as four EFIs.

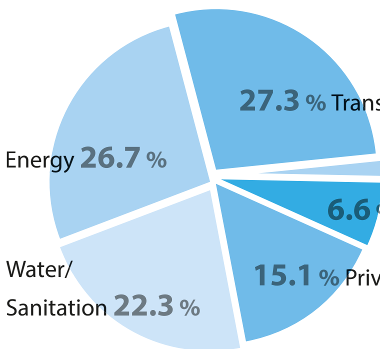
The NIF is clearly showing itself to be a very good example of joint European operations as well as harmonisation and coordination among donors.

NIF Portfolio % of total NIF contributions

by region



by sector



Financial and qualitative leverage

Over € 9.5 billion of funding has been provided by European Finance Institutions (EFIs) to projects since the NIF was launched in 2008. Of this, around € 4.6 billion has been loaned by the EFIs to the East and around € 4.9 billion has been loaned to the South. With NIF funding of € 753 million, that amounts to a multiplier effect of around 12.7: 1 or € 12.7 for each euro provided by the NIF.

In addition to the financial leverage, the NIF has also given projects considerable qualitative leverage. Although these are not financially measurable, the benefits are both socio-economic and environmental in nature.

Type of NIF support

The majority of NIF support was channelled to projects in the form of investment grants (55.9%) followed by technical assistance (31.4%), risk capital (7.8%) and guarantees (4.9%). For both the East and the South, the highest number of projects benefited from technical assistance only (18 for the East and 15 for the South). This was followed by a combination of a grant and technical assistance (11 each for East and South) and by a grant only (12 for the East and six for the South). The other types of support were technical assistance and risk capital (four projects), risk capital alone (two projects), guarantees (one project) and technical assistance/guarantees (one project).

Absorption of funds

Since 2008, 62 of the 82 projects approved so far have already been partly or fully contracted, representing 91% of total grant amounts approved to date. The disbursement rate has been kept at satisfactory levels year after year with a total amount paid to either partner countries or Lead Financial Institutions of some € 422 million, i.e. around 56% of the € 753 million of NIF contributions approved since the launch of the facility.

This disbursement rate is a clear indication of the efficiency with which the NIF has responded to the most urgent investment needs of its final beneficiaries and the fact that its procedures and governance are functioning well.

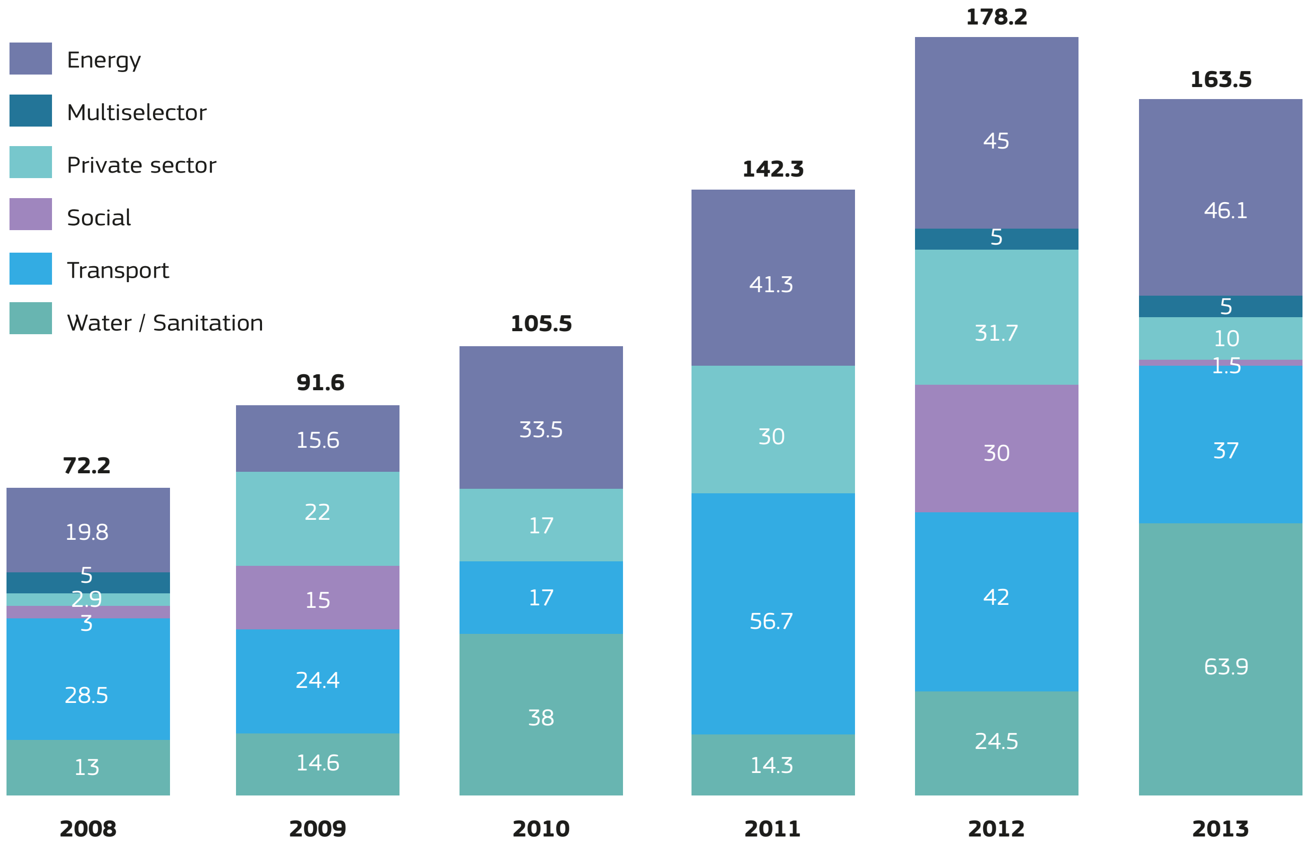
Implementation status

The implementation of projects that have so far been approved is very much on track. At the end of 2013, out of 46 projects approved in the East, tendering of the NIF-financed components had been awarded in 23 projects. In the South, the tendering of the NIF-financed components had been awarded in 16 out of 36 projects.

In 48% of the applicable cases, construction of the underlying infrastructure project had already started. Where the NIF financed, in part or exclusively, technical assistance services, in over 90% of the cases advisory services under the technical assistance contract had already begun to be provided to the final beneficaries.

Between 2008 and 2013, the biggest share of NIF contributions went on transport sector projects.

South	Energy		Multisector		Private		Social		Transport		Water/ Sanitation		Total NIF	
Country	€ M	N°	€ M	N°	€ M	N°	€ M	N°	€ M	N°	€ M	N°	€ M	N°
Regional-South	21.5	2	10.0	2	54.0	4			5.0	1			90.5	9
Egypt	33.8	4					30.0	1	40.5	2	33.0	3	137.3	10
Jordan	3.7	2											3.7	2
Lebanon	4.0	1									10.0	1	14.0	2
Morocco	60.0	3					15.0	1	17.8	2	17.0	2	109.8	8
Tunisia	1.0	1							28.0	1	23.8	3	52.8	5
Total South	**124.0**	**13**	**10.0**	**2**	**54.0**	**4**	**45.0**	**2**	**91.3**	**6**	**83.8**	**9**	**408.10**	**36**
East														
Country	€ M	N°	€ M	N°	€ M	N°	€ M	N°	€ M	N°	€ M	N°	€ M	N°
Regional South	20.1	3			57.58	6					6	1	83.68	10
Armenia							1.5	1	34	4	31.6	4	67.1	9
Azerbaijan									3.4	1			3.4	1
Georgia	21	3							22.4	2	20.5	2	63.9	7
Moldova	17.5	3			2	1	3	1	54.55	5	26.42	3	103.47	13
Ukraine	18.7	5	5	1									23.7	6
Total East	**77.3**	**14**	**5**	**1**	**59.58**	**7**	**4.5**	**2**	**114.35**	**12**	**84.52**	**10**	**345.25**	**46**
Grand Total	**201.3**	**27**	**15**	**3**	**113.58**	**11**	**49.5**	**4**	**205.65**	**18**	**168.32**	**19**	**753.35**	**82**



Combatting climate change

Context

Considerable financial resources will be needed to help developing countries find adequate responses to climate change issues both by cutting greenhouse gas emissions and by adapting to the consequences of climate change. The European Union is the largest contributor of climate finance to developing countries and the world's biggest aid donor, collectively providing more than half of global official development assistance (ODA). Climate change is being increasingly integrated into the EU's broader development strategy.

At the conferences about climate change in Copenhagen (2009) and Cancún (2010), the EU and other developed countries jointly pledged that they would provide close to $ 30 billion in 'fast start' finance to developing countries in the 2010-2012 period to support immediate action on the ground. They also made a commitment to mobilise $ 100 billion a year by 2020 from a variety of sources.

The EU and its Member States pledged € 7.2 billion in fast start finance for the 2010-2012 period, almost one third of the total pledged by developed countries. Despite difficult economic circumstances, the EU met and even surpassed its commitment by providing € 7.34 billion in fast start finance. This money is being spent on concrete actions to address the problems associated with climate change in developing countries.

In particular, for EU regional blending mechanisms such as the NIF, the Commission set up specific Climate Change Windows (CCWs) in order to support the EU commitment to mitigate and adapt to climate change. The CCWs were announced by EU Commissioners Füle, Hedegaard and Piebalgs in November 2010. The 'windows' indicate the source of the financing and ensure that all the climate change-related projects funded by the EU and other European Finance Institutions through mechanisms such as the NIF can be tracked. The CCWs relate to both public and private investments in strategic areas such as transport, energy, environment, water, sanitation and forestry. They also support the implementation of the programmes or strategies that help partner countries tackle climate change through mitigation and/or adaptation measures.

Several NIF supported projects are specifically designed to combat climate change.

Objectives

The main objectives of the NIF CCWs are:

1 To set up a tracking system for climate change-related operations;

2 To ensure the transparency of EU funding for climate change projects, including by distinguishing between programmed funds within geographic instruments and new, additional resources;

3 To guarantee and boost the EU's visibility in its efforts to combat climate change;

4 To mainstream the fight against climate change in projects (co-) financed by the EU;

5 To attract additional resources for climate change-related projects.

The NIF's CCW is managed in the same way as the NIF in general and follows the same rules and implementation arrangements. Specifically, the CCW aims at generating investments in both:

1 Mitigation measures, such as:

- The mitigation of climate change by limiting the man-made emissions of greenhouse gases (GHGs);
- Improved energy efficiency and energy savings;
- The increased production and use of renewable energy;
- The protection and/or enhancement of GHG sinks and reservoirs.

2 Adaptation measures, such as:

- Reducing the vulnerability of human and natural systems to the impact of climate change;
- Promoting climate change adaptation technologies, including the necessary related infrastructure;
- Emergency prevention and preparedness measures, including insurance schemes, to cope with natural disasters.

The climate change projects under the NIF CCW are tracked according to their contribution to the mitigation and/or adaptation objectives of the Rio Convention on Climate Change:

Rio marker 1 projects for which such a contribution is a significant objective: **40%** of the NIF grant amount can be reported as supporting action to combat climate change;

Rio marker 2 projects for which such a contribution is the main objective: **100%** of the NIF grant amount can be reported as support.

Projects in the annexes that have been given a green 'climate change window' logo are Rio marker 1 and 2 projects. This means that all or part of the NIF grant amount has been reported as being used to mitigate or adapt to climate change.

NIF contributions to climate change actions

According to the CCW tracking system, it has been estimated that, since 2008, the NIF has contributed around € 247 million to projects that have a positive impact on the climate (Rio Marker 1 and 2). This is € 65 million more than the accumulated figures of last year. Overall, theNIF has helped to ensure that € 10 billion is being invested in green projects.

The Eastern Neighbourhood benefited from NIF support of € 164 million for projects that come under the CCW (i.e. with a Rio marker of 1 or 2). Out of the € 164 million, € 85 million can be reported as climate action support according to the Rio Convention on Climate Change (Rio marker 1: 40% of the NIF grant; Rio Marker 2: 100% of the NIF grant).

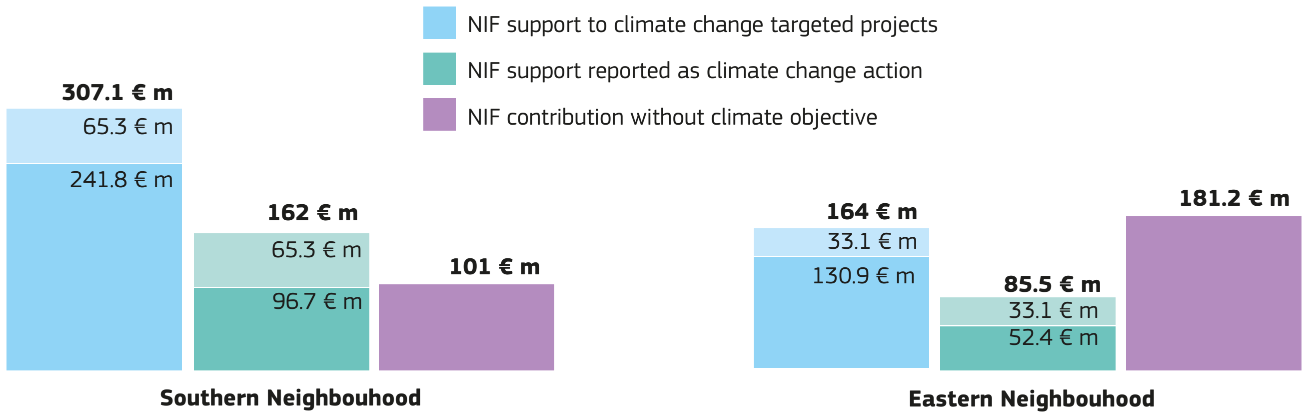
By comparison, the South benefited from € 307 million of NIF support for projects that have an impact in climate change mitigation and adaptation. Out of this, € 162 million can be reported as climate action support according to the Rio Convention on Climate Change.

This means that around 25% of NIF support for the East went on climate change projects. The comparable figure for the South was 40%.

Out of the 82 projects supported so far by the NIF, more than two thirds (55) were low-carbon and climate resilience projects (28 in the South and 27 in the East). These figures were similar to 2012, which demonstrates the EU's ongoing commitment to low-carbon and climate-resilience projects that it provides through NIF support.

In total, Rio Marker 2 projects accounted for estimated NIF contributions of € 98.4 million while Rio Marker 1 projects accounted for more than € 149 million.

A full list of projects approved by the NIF Board to date is provided in Annex 1 and 2. It includes the detailed amounts by project to be reported as supporting action to combat climate change according to the Rio Markers.



Organisation

The organisation of the NIF follows the principles of the three-tier governance architecture agreed between the Commission and the Member States. This architecture ensures that projects supported by the NIF fully contribute to the achievement of the overall objectives of the EU's Neighbourhood Policy and to the achievement of the ENP partner countries' national strategies. The primary objective here is for EU development and cooperation policies to stay at the heart of decisions. The organisation of NIF ensures visibility and political leverage for the European Union, full and transparent information of the Member States and their participation in the decisions on grant allocations, as well as close coordination between the Commission and European Finance Institutions and amongst European Finance Institutions themselves. It also provides full accountability with regard to the management of funds towards the EU budgetary authority (European Parliament and Council) as well as EU supervisory bodies.

Finance Institutions Group (FIG)

The partner countries submit projects to the European Finance Institutions to seek finance. Between them, the European Finance Institutions designate a Lead Finance Institution, which presents the project to the Finance Institutions Group (FIG). The FIG is a group made up of all the eligible European Finance Institutions and chaired by the European Commission. The FIG assesses whether the projects are in line with the objectives of the EU's Neighbourhood Policy, in particular the action plans agreed between the European Union and the partner countries and with the strategic orientations and eligibility criteria of the NIF. The FIG also assesses the justification of the NIF grant request and its value added.

NIF Operational Board

The Lead Finance Institutions then present the NIF grant requests to the Operational Board for final or provisional approval. Decisions are taken on the basis of the assessment provided by the FIG. The Operational Board is composed of the EU Member States and is chaired by the European Commission. All eligible European Finance Institutions attend as observers. In a restricted configuration of the NIF Operational Board limited to the Member States contributing to the NIF Trust Fund and the European Commission, the Trust Fund Executive Committee approves, when appropriate, the contributions of the NIF Trust Fund to projects.

NIF Strategic Board

The NIF Strategic Board, which is chaired by the European Commission and the European External Action Service, is composed of representatives of the EU Member States and meets once per year. The ENP partner countries and eligible European Finance Institutions participate as observers. The NIF's strategic orientations will be again revised in 2014.

NIF Secretariat

The NIF Secretariat is housed in a Financial Instruments Unit, which is responsible for coordinating all the regional investment facilities managed by the European Commission's Directorate-General for Development and Cooperation, known as EuropeAid. EuropeAid is responsible for designing EU development policies and delivering aid through programmes and projects across the world.

The unit acts as the single entry point for requests for grants presented by the European Finance Institutions and for the organisation and follow-up of the whole assessment and decision-making process. The unit is responsible for bringing together the different elements of the Commission's opinion on the grant requests after consultation with the relevant departments of the Commission, the EU Delegations and approval by the competent authorising officer, i.e. the geographic director. The Financial Instruments Unit is also in charge of preparing the contracts relating to NIF contributions in cooperation with the geographic directorates while the EU Delegations are responsible for monitoring their implementation.

Platform for Blending in External Cooperation (EUBEC)

The Platform for Blending in External Cooperation (EUBEC) is a coordinating platform that was set up in December 2012 and which covers various different EU facilities. EUBEC is taking a wide-ranging look at many aspects of the EU's blending facilities. It has already held two meetings of the policy group and considered a range of topics.

The report sets out the following as being among the issues to be discussed by EUBEC in view of harmonisation across blending facilities: i) Improved quality of the project fiche format ii) Improved verification of project proposals; iii) Criteria for increasing selectivity; iv) Representation of civil society in EU blending governance mechanisms; v) Development of a result-based framework; vi) Monitoring of all projects supported by blending; vii) Visibility and communication; viii) Reporting; ix) Harmonisation of climate change action.

The future structure and operation of the Neighbourhood Investment Facility will reflect the conclusions of the policy group, which are expected to be finalised and published in 2014.

Closing Remarks

In line with the European Neighbourhood Policy's priorities for 2013, the Neighbourhood Investment Facility (NIF) continued investing in transport, energy, water and sanitation and small and medium-sized enterprises (SME) in the Eastern and Southern Neighbourhoods. NIF support has helped close financing gaps; it has reduced the borrowing cost for partner countries as well as has speeded up the implementation of projects and increased their sustainability.

A major success story for the NIF has been its contribution to unlocking funds from European Financial Institutions (EFIs), partner country government budgets in the Neighbourhood and from the private sector. In 2013, the NIF provided more than € 160 million for 17 projects in the Neighbourhood representing investments of over € 2.4 billion. In total, for the period 2008-2013, € 753 million has been blended with loans from EFIs amounting to as much as € 9.6 billion. Overall, NIF grants have helped unlock a total of more than € 20 billion for investment projects.

The European Union is very keen to facilitate investment and stimulate private sector development. The NIF can also make the best use of the Union for the Mediterranean (UfM), in the field of private sector development, mobilising investors and securing the commitment of donors and international financial institutions, ensuring an increase in the number of projects endorsed by the UfM. Similarly, in the East, the NIF will continue supporting projects that contribute to achieving the EU policy objectives discussed in the Eastern Partnership platforms and panels, the Eastern Partnership transport network and the Energy Community.

The year 2013 marked the end of the Multiannual Financial Framework 2007-2013. The EU's Neighbourhood Investment Facility is now prepared to tackle the challenges ahead for the period covering 2014 until 2020. In a context of limited resources, the EU intends to expand the blending of grants and loans in its new assistance programming cycle for this period. Our estimate is that this combination of grants and loans has the potential to unlock additional resources (10 to 20 times the amount of the EU grants) and thereby increase the volume of development funds available for projects.

In a nutshell, the NIF will continue to contribute to kick-starting major infrastructure projects that require considerable financial resources and to support private sector development. Building on the findings of the mid-term evaluation and the new set of recommendations and guidance delivered by the EU Platform for Blending in External Cooperation, the NIF is fit to further increase the effectiveness of EU aid delivered throughout the Neighbourhood region.

Fernando Frutuoso de Melo
Director General, Development and Cooperation – EuropeAid

South List of projects approved 2008-2013

Country	Year of Approval	Title	Climate change objective	Consortium of European Finance Institutions	Sector	Total Cost project (EUR million)	NIF Contribution (EUR million)	Amount to be reported as Climate Action support (EUR million)	Type of Support	Status	Tendering of NIF-financed project components started?	Construction of the project started?	NIF financed TA services started?
Egypt	2008	IWSP (Improved Water and Wastewater Services Programme)	■	KfW, EIB, AFD	Water/Sanitation	295,1	5,0	2,00	Grant	Implementing	n.a.	Yes	Yes
	2008	200 MW Wind Farm in Gulf of El Zayt	■	KfW, EIB	Energy	340	10,0	10,00	Grant	Implementing	n.a.	Yes	n.a.
	2010	Master plan (combined RE) + FS for CSP in Egypt	■	KfW, AFD, EIB	Energy	500	3,0	3,00	TA	Implementing	Awarded	On-going	Yes
	2010	Egyptian Power Transmission		EIB, AFD, KfW	Energy	762	20,0	0,00	Grant/TA	Implementing	Awarded	Under construction	On-going
	2010	TA 20 MW PV grid connected Power Plant	■	AFD, EIB, KfW	Energy	100	0,8	0,80	TA	Completed	Yes	No	Yes
	2010	IWSP II - Upper Egypt	■	KfW, EIB, AFD	Water/Sanitation	303	13,0	5,20	TA	Approved	No	No	No
	2011	Alexandria public transport project FS	■	AFD	Transport	0,5	0,5	0,20	TA	Ongoing	Yes	N/A	Yes
	2011 & 2012	Cairo Metro Line 3 Phase 3	■	AFD, EIB	Transport	2.075	40,0	16,00	Grant/TA	Pending Implementation	Yes	2015	RFP issued
	2012	Integrated and Sustainable Housing and Community Development Programme	■	EIB, AFD	Social	175	30,0	12,00	Grant/TA	Signed	Procurement to be launched	No	Design on-going
	2013	Kafr El Shekh Wastewater Expansion (KESWE)	■	EIB, EBRD	Water/Sanitation	163,5	15,0	6,00	Grant/TA	Approved	Procurement to be launched	No	Design on-going
Jordan	2010	Jordan Electricity Transmission		EIB, AFD	Energy	150	2,2	0,00	TA	Implementing	Awarded	n.a.	On-going
	2013	AFD Sustainable Credit Facility harmonization with SEMED SEFF	■	AFD	Energy	38,5	1,5	1,50	Grant	Signed	Procurement to be launched	n.a.	Design on-going
Lebanon	2012	Lebanon Energy Efficiency and Renewable Energy Global Loan	■	EIB, AFD	Energy	151	4,0	4,00	TA	Signed	Procurement to be launched	n.a.	Design on-going
	2009 & 2012	Kesrwan Wastewater	■	EIB, AFD	Water/Sanitation	214	10,0	4,00	Grant/TA	TA signed, Grant Approved	Procurement to be launched	No	TA design on-going
Morocco	2008	Programme National de Routes Rurales		EIB, AFD	Transport	397	9,8	0,00	Grant/TA	Implementing	Awarded	Under construction	On-going
	2008 & 2009	Tramway de Rabat	■	AFD, EIB	Transport	346	8,0	3,20	TA	Implementing	Awarded	Under construction	n.a.
	2009	Support Programme for the Education Sector		AFD, EIB	Social	1.900	15,0	0,00	Grant/TA	Approved	Procurement to be launched	No	Design on-going
	2010	Programme National d'Assainissement	■	AFD, KfW, EIB	Water/Sanitation	176	10,0	4,00	Grant/TA	Ongoing	N/A	Yes	Yes
	2011	Ouarzazate Solar Plant	■	EIB, AFD, KfW	Energy	807	30,0	30,00	Grant	Implementing	Awarded	Under construction	n.a.
	2011	Drinking Water Efficiency Programme	■	KfW, AFD	Water/Sanitation	101	7,0	2,80	Grant/TA	Implementing	Procurement started	Studies on-going	Design on-going
	2012	Renforcement du réseau de transport électrique	■	AFD, KfW	Energy	411	15,0	6,00	Grant/TA	Pending Implementation	Yes	No	Yes
	2013	Integrated Wind Programme	■	KfW, EIB	Energy	859	15,0	15,00	Grant	Approved	Awarded	No	n.a.
Tunisia	2008	Feasibility Study for Solar Thermal Power Plant in Tunisia	■	KfW, AFD, EIB	Energy	90	1,0	1,00	TA	Completed	Awarded	n.a.	Yes
	2008 & 2009	STEP (Part I & II)	■	KfW, AFD	Water/Sanitation	127	8,0	3,20	Grant	Implementing	Procurement started	Yes	n.a.
	2009 & 2010	Réseau Ferré Rapide de Tunis	■	AFD, KfW, EIB	Transport	550	28,0	11,20	Grant/TA	Ongoing	Yes	Yes	Yes
	2011	Study for the waste water sewerage of industrial zones	■	KfW	Water/Sanitation	1,6	0,8	0,32	TA	Completed	Awarded	No	Finished
	2013	Integrated Depollution Programme (Lake Bizerte)	■	EIB, EBRD	Water/Sanitation	90	15,0	6,00	Grant/TA	Approved	Procurement to be launched	No	Design on-going
Regional	2011	SANAD - MENA Fund for Micro-, Small and Medium Enterprises		KfW	Private	132	10,0	0,00	TA/Risk Capital	Implementing	n.a.	n.a.	On-going
	2011	Implementation of EBRD Turnaround Management and Business Advisory Services in Egypt, Morocco and Tunisia		EBRD	Private	5	5,0	0,00	TA	Implementing	Awarded	n.a.	On-going
	2011	Southern and Eastern Mediterranean Project Preparation Framework to fast-start EBRD support to the region		EBRD	Private	15	15,0	0,00	TA	Implementing	Awarded	n.a.	On-going
	2012	Renewable Energy and Energy Efficiency Project Preparation Initiative in support of the Mediterranean Solar Plan (MSP-PPI)	■	EIB, AFD, KfW, AECID	Energy	5	5,0	2,00	TA	Implementing	Awarded	n.a.	On-going
	2012	SME Guarantee Facility		EIB, AFD	Private	320	24,0	0,00	Guarantees	Implementing	Awarded	n.a.	On-going
	2012	Mediterranean Urban Project Finance Initiative (UPFI TA)	■	AFD	Mixed	5	5,0	2,00	TA	Implementing	Awarded	n.a.	On-going
	2013	SEMED Sustainable Energy Financing Facility	■	EBRD	Energy	141,7	16,5	6,60	Risk Capital	Implementing	Awarded	n.a.	On-going
	2013	"PPP Project preparation ""MED P5 Initiative""	■	EIB	Mixed	5	5,0	2,00	TA	Approved	Procurement to be launched	n.a.	Design on-going
	2013	EU Neighbourhood Programme Management and Support in the Transport sector	■	EIB	Transport	7,1	5,0	2,00	TA	Signed	Awarded	n.a.	On-going
					Total	11.759,0	408,1	162,0					

East List of projects approved 2008-2013

Country	Year of Approval	Title	Climate change objective	Consortium of European Finance Institutions	Sector	Total Cost project (EUR million)	NIF Contribution (EUR million)	Amount to be reported as Climate Action support (EUR million)	Type of Support	Status	Tendering of NIF-financed project components started?	Construction of the project started?	NIF financed TA services started?
Armenia	2009	Yerevan Metro	■	EBRD, EIB	Transport	16,6	5,0	2,0	Grant	Implementing	Awarded	Under construction	n.a.
	2009	Armenia Small municipalities water project	■	EBRD, EIB	Water/Sanitation	20,8	7,6	3,0	Grant/TA	Implementing	Awarded	Under construction	On-going
	2011	Kotayk Solid Waste project (Armenian Solid Waste Management Programme)	■	EBRD	Water/Sanitation	38,3	3,5	1,4	Grant	Approved	Procurement to be launched	No	n.a.
	2012	Border Crossing and Infrastructure		EIB, EBRD	Transport	60,6	12,0	0,0	Grant	Signed	Awarded	Under construction	n.a.
	2012	Yerevan Metro - 2nd phase	■	EBRD, EIB	Transport	17,1	5,0	2,0	Grant	Approved	Procurement to be launched	Under construction	n.a.
	2013	Yerevan Water Supply Improvement Project	■	EBRD	Water/Sanitation	17,2	5,5	2,2	Grant	Approved	Procurement to be launched	No	n.a.
	2013	Communal Infrastructure Programme	■	KfW, EIB	Water/Sanitation	87,50	15,0	6,0	Grant/TA	Signed	Procurement to be launched	Studies on-going	Design on-going
	2013	North-South Road Corridor		EIB	Transport	381,00	12,0	0,0	Grant/TA	TA Implementing	TA Awarded and Grant procurement to be launched	No	TA on-going
	2013	NMC Social & Energy Efficiency Housing Finance	■	AFD, KfW	Social	11,5	1,5	0,6	Grant/TA	Approved	Yes	Yes	Yes
Azerbaijan	2012	Regional Road Reconstruction Project		EBRD	Transport	681,0	3,4	0,0	TA	Implementing	Procurement to be launched	No	No
Georgia	2008	Black Sea Energy Transmission System		KfW, EIB, EBRD	Energy	280,0	8,0	0,0	TA	implementing	Procurement started	Studies on-going	n.a.
	2009	Tbilisi Railway Bypass Environmental Clean up	■	EBRD	Transport	253,5	2,4	1,0	TA	Implementing	Awarded	Under construction	On-going
	2010	Enguri / Vardnili Hydro Power Cascade Rehabilitation	■	EBRD, EIB	Energy	47,0	5,0	5,0	Grant/TA	Implementing	Awarded	Under construction	On-going
	2010 & 2012	Water supply and sewage of Batumi and surrounding villages (phase I and III)	■	KfW	Water/Sanitation	67,0	8,5	3,4	Grant/TA	Implementing	Procurement started	No	n.a.
	2010 & 2012	Water Infrastructure Modernisation (I & II)	■	EIB	Water/Sanitation	86,0	12,0	4,8	TA	Implementing	Awarded	Under construction	n.a.
	2011	Georgia East-West Highway		EIB	Transport	592,1	20,0	0,0	Grant	Implementing	Awarded	Under construction	n.a.
	2013	Jvari-Khorga Interconnection (Transmission line and substation)	■	KfW, EBRD	Energy	71,4	8,0	3,2	Grant	Signed	Procurement to be launched	No	n.a.
Moldova	2008	Capacity assessment and modernisation of the Republican Clinical Hospital (RCH)		CEB	Social	18,0	3,0	0,0	Grant/TA	Implementing	Awarded	Under construction	On-going
	2008	Chisinau Airport Modernisation Project		EBRD, EIB	Transport	46,3	1,8	0,0	TA	Awaiting cancellation	n.a.	No	Finished
	2008	Feasibility Study for Improvement Water/Sanitation Systems in Chisinau	■	EBRD, KfW, EIB	Water/Sanitation	59,0	3,0	1,2	TA	Completed	n.a.	n.a.	Finished
	2008, 2011 & 2013	Moldova Road Rehabilitation project (2nd, 3rd and 4th Phase)		EBRD, EIB	Transport	496,7	43,2	0,0	Grant/TA	Completed	n.a.	n.a.	Finished
	2010	Chisinau Public Transport project	■	EBRD, EIB	Transport	15,5	3,0	1,2	Grant	Completed	Awarded	No	n.a.
	2010	Water Utilities Development Programme in the Republic of Moldova	■	EBRD, EIB	Water/Sanitation	31,5	10,0	4,0	Grant	Implementing	Awarded	Under construction	n.a.
	2010	Filière du vin Upgrading		EIB	Private	391,3	2,0	0,0	TA	Implementing	Awarded	n.a.	On-going
	2011	Moldovan Residential Energy Efficiency Financing Facility (MoREEFF)	■	EBRD	Energy	41,8	5,0	5,0	Grant	Implementing	n.a.	n.a.	n.a.
	2011	2nd Phase of the Moldova Sustainable Energy Efficiency Finance Facility (MoSEFF2)	■	EBRD	Energy	23,3	4,5	4,5	Grant/TA	Implementing	n.a.	n.a.	On-going
	2012	Moldoelectrica Power Transmission Network Rehabilitation	■	EBRD, EIB	Energy	36,6	8,0	3,2	Grant/TA	Approved	Procurement started	No	on-going
	2012	Balti Trolleybus Project	■	EBRD	Transport	5,0	1,6	0,6	Grant	Implementing	Awarded	Yes	n.a.
	2013	Chisinau Water Development Programme	■	EBRD, EIB	Water/Sanitation	62,12	13,4	5,4	Grant/TA	Approved	Procurement to be launched	No	n.a.
	2013	Moldova Railways fleet renewal	■	EBRD, EIB	Transport	66,5	5,0	2,0	Grant	Approved	Procurement to be launched	No	No
Ukraine	2008	TA Support for Ukrainian Municipalities		EBRD	Mixed	135,0	5,0	0,0	TA	Implementing	n.a.	n.a.	On-going
	2008	Ukrenergo Corporate Sustainable Development		EBRD, EIB	Energy	301,3	0,8	0,0	TA	Implementing	Awarded	Under construction	On-going
	2009	Ukraine Power Transmission Network		EBRD, EIB	Energy	1.110,0	10,0	0,0	TA	Implementing	Awarded	Under construction	On-going
	2009	Hydropower rehabilitation project	■	EBRD, EIB	Energy	398,6	3,6	3,6	TA	Implementing	Awarded	Under construction	On-going
	2010	Preparatory studies for modernisation UA gas transit and storage		EBRD, EIB	Energy	2.000,0	2,5	0,0	TA	Completed	Awarded	n.a.	Finished
	2011	Power Transmission Efficiency Project	■	KfW	Energy	78,3	1,8	0,7	TA	Implementing	Awarded	n.a.	on-going
Regional	2008	Framework for support Financial Intermediaries		EBRD	Private	38,3	2,9	0,0	TA	Implementing	Awarded	n.a.	On-going
	2009	ENBF - European Neighbourhood Small Business Growth Facility		KfW, OeEB	Private	70,0	10,0	0,0	Risk Capital	Implementing	n.a.	n.a.	n.a.
	2009	Financial sector Institutional building and crisis response		EBRD	Private	12,0	12,0	0,0	TA	Implementing	Awarded	n.a.	On-going
	2009	Regional Energy Efficiency Programme for Corporate sector	■	EBRD	Energy	302,0	2,0	2,0	TA	Implementing	Awarded	n.a.	On-going
	2010	SME Finance Facility		EBRD, EIB, KfW	Private	150,0	15,0	0,0	TA/Guarantees	Implementing	Awarded	n.a.	On-going
	2012	Integrated Solid Waste Management in the Southern Caucasus	■	KfW	Water/Sanitation	66,0	6,0	2,4	TA	Signed	Procurement to be launched	No	No
	2012	Green For Growth Fund for Eastern Region	■	KfW, EIB, EBRD	Energy	166,1	13,0	13,0	TA/Risk capital	Signed	n.a.		
	2012	SBS Programme and EGP and BAS		EBRD	Private	10,4	7,7	0,0	TA	Implementing	n.a.	n.a.	On-going
	2013	Caucasus Sustainable Energy Finance Facility	■	EBRD	Energy	64,6	5,1	2,0	TA/Risk capital	Implementing	Awarded	n.a.	On-going
	2013	SME Direct Support Facility		EBRD, SIMEST	Private	61,50	10,0	0,0	TA/Risk capital	Approved	Procurement to be launched	No	No
					Total	8.986,3	345,25	85,5					

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NIF

Neighbourhood Investment Facility

The NIF is implemented in partnership with:

European Investment Bank

European Bank for Reconstruction and Development

CEB Council of Europe Development Bank

NIB Nordic Investment Bank

afd Agence Française de Développement

aecid

KFW

OeEB Oesterreichische Entwicklungsbank AG

SIMEST Società Italiana per le Imprese all'Estero

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