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ANNEX

Action Document for the Individual Measure “Neighbourhood Investment Platform (NIP) – 2021 South”

ANNUAL PROGRAMME

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and measure in the sense of Article 23(2) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title CRIS/OPSYS Basic Act	Action Document for the 2021 Annual Action Programme on the individual measure “Neighbourhood Investment Platform (NIP) – 2021 South” NDICI-GEO-NEAR/2021/043-069 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Yes
3. Zone benefiting from the action	<p>The action shall be carried out in the following locations:</p> <ul style="list-style-type: none">(a) European Neighbourhood Policy (ENP) South countries with an ENP Association Agenda/Action Plan in force: Egypt, Israel (assistance to be provided in line with the Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards), Jordan, Lebanon, Morocco, Palestine¹, and Tunisia. Israel is usually only eligible under regional projects, having the status of developed country(b) Other ENP countries², and other third countries, as set out in Art. 4 of Regulation (EU) No 2021/947³ of the European Parliament and the Council, in particular in case of projects of a continental or trans-regional scope.(c) In duly justified case of extended geographic scope of a global, trans-regional or regional nature, and in accordance with Article 43 of Regulation (EU) No 2021/947, the eligibility of the of the action extends exceptionally to Sub-Saharan Africa⁴ and Gulf countries⁵, as their participation constitutes a substantial element to ensure the coherence and effectiveness of Union financing or to foster regional or trans-regional cooperation.

¹ This designation shall not be construed as a recognition of the State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

² Algeria, Libya and Syria

³ [Regulation \(EU\) No 2021/947](#) establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe

⁴ Angola, Benin, Botswana, Burkina Faso, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Liberia, Madagascar, Malawi, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao-Tome-and-Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Tanzania, Uganda, Zambia, Zimbabwe.

⁵ Iran, Iraq, Yemen

4. Programming document	Commission Implementing Decision adopting a multiannual indicative programme for the Southern Neighbourhood Region for the period 2021-2027 ⁶
5. Link with relevant MIP(s) objectives/expected results	This action contributes to the 2021-2027 Multiannual Indicative Programming's objectives under priority areas 2: 'Strengthening resilience, build prosperity, and seize the digital transition'; and 4: 'Green Transition'
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	140 – Water Supplies & Sanitation 160 – Other Social Infrastructures & Services 210 – Transport and Storage 230 – Energy 240 – Banking and financial services 250 – Business and other services 321 – Industry 410 – General Environment Protection 430 – Multisector
7. Sustainable Development Goals (SDGs)	Goal 1 – No poverty Goal 2 – Zero hunger Goal 3 – Good Health and wellbeing Goal 4 – Quality education Goal 5 – Gender equality Goal 6 – Clean Water and Sanitation Goal 7 – Affordable and Clean Energy Goal 8 – Decent Work and Economic Growth Goal 9 – Industry, Innovation and Infrastructure Goal 11 – Sustainable Cities and Communities Goal 13 – Climate Action Goal 17 – Partnerships for the goals
8 a) DAC code(s)	11120 - Education facilities and training 14010 - Water sector policy and administrative management 14020 – Water supply and sanitation – large systems 14022 - Sanitation - large systems 14030 - Basic drinking water supply and basic sanitation 14050 - Waste management/disposal 15110 - Public sector policy and administrative management 15170 - Women's equality organisations and institutions 16020 - Employment creation 16050 – Multi-sector aid for basic social services 21010 – Transport policy and administrative management 22020 – Telecommunications 23010 – Energy policy and administrative management 23183 - Energy conservation and demand-side efficiency 23210 - Energy generation, renewable sources - multiple technologies

⁶ Commission Implementing Decision adopting a multiannual indicative programme for the Southern Neighbourhood Region for the period 2021-2027 C(2021) 9399

	23630 - Electric power transmission and distribution 24030 - Formal sector financial intermediaries 25030 - Business development services 32130 – SME development 41010 – Environment policy and administrative management			
8 b) Main Delivery Channel @	13000 – Third Country Government (Delegated cooperation) 40000 – Multilateral organisations 42000/42004 – EIB – European Investment Bank 46000 – Regional Development Bank 46015 – European Bank for Reconstruction and Development 47000 - Other multilateral institution			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers @	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @ Tags: digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/>

	digital governance		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital entrepreneurship		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	job creation		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital skills/literacy		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital services		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>Connectivity @</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tags: transport		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	people2people		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	energy		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity		<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<u>Migration @</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): EUR 185 000 000 from budget line: BGUE-B2021-14.020110-C1-NEAR – Southern Neighbourhood Total estimated cost: EUR 185 000 000 of the General Budget of the European Union.			
MANAGEMENT AND IMPLEMENTATION				
13. Implementation modalities (type of financing and management mode)	<u>Indirect management</u> The contribution to the Neighbourhood Investment Platform (NIP) shall be implemented in indirect management by the entities indicated in section 4.3.1 of this Action Document in accordance with NIP's award procedure. <u>Direct Management</u> The contribution for legal services necessary for the implementation of the EFSD+ shall be implemented in procurement.			

1.2. Summary of the Action

The Neighbourhood Investment Platform (NIP) is a blending facility, combining European Union grant contributions or financial instruments, with other public and private sector resources such as loans and equity in order to leverage additional non-grant financing. It forms part of the European Fund for Sustainable Development Plus (EFSD+) as foreseen in Article 32 of the NDICI – Global Europe Regulation.

The key objective of the NIP is, within the framework of the NDICI – Global Europe Regulation, the EuroMed partnership and the Eastern Partnership described below, to contribute to achieving the Sustainable Development Goals (SDGs), creating sustainable jobs and infrastructures, and addressing some root causes of migration. To achieve this objective, vital capital investments must be made to rehabilitate, modernise or build essential infrastructures needed for safe and efficient transport of goods and people; secure production; safe production, transport and consumption of energy; effective environmental protection (in particular to ensure the quality of air, water and soil); sustainable waste management; climate change-related issues, and digital transformation of societies. In addition, capital is needed for the provision of basic social services such as health and education; as well as the development of the private sector, in particular micro, small, and medium size enterprises (MSMEs).

2. RATIONALE

2.1. Context

In accordance with Regulation (EU) No 947/2021 of the European Parliament and the European Council⁷ ('NDICI – Global Europe Regulation'), the European Union shall seek the most efficient use of resources available in order to optimise the impact of its external action. That should be achieved through coherence and complementarity between the Union's instruments for external action, as well as the creation of synergies between the instruments, and, where appropriate, the use of financial instruments that have leverage effect. Furthermore, in accordance with Art. 8 of the Treaty on the European Union (TEU), the Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation.

The adoption of the new Multiannual Financial Framework 2021-2027 and the Neighbourhood, Development and International Cooperation Instrument – Global Europe sets a new legal framework whose objective is to uphold and promote the Union's values and interests worldwide, in order to pursue the objectives and principles of its external action, as outlined in the Article 3(5), 8 and 21 of the TEU. In promoting its interests and those of its partner countries, the European Union shall comply with, and promote the principles of respect for the highest social and environmental standards, the rule of law, the respect of international law and for Human and Fundamental Rights.

When establishing its relations with the Southern Neighbourhood, the Union has adopted and is currently reviewing joint documents, while at regional level, the agenda of the Union for the Mediterranean (UfM) and the UfM Roadmap, as well as other regional priorities, will continue to inspire the identification of regional interests and activities for the Euro-Mediterranean partnership. This partnership remains a strategic imperative for the Union, as the challenges the region continues to face require a common response, especially considering the long and short-term effects of the COVID-19 pandemic. To this end, the **Joint Communication of the Commission and the High Representative on a renewed partnership with the Southern Neighbourhood⁸ and its Economic and Investment Plan⁹** was adopted on 9 February 2021. It proposed a new, ambitious and innovative Agenda for the Mediterranean drawing on the full EU toolbox in order to relaunch our cooperation turn the common challenges into opportunities and realise the untapped potential of our shared region. It also focuses on measures aiming to mitigate the long-term impact of the COVID-19 pandemic and reflects the Commission's objective of ensuring a recovery in a sustainable manner. Blending, via the NIP will help mobilise private and public investments to partly implement the objectives of this Plan.

⁷ Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument

⁸ SWD(2021) 23 final

⁹ Renewed partnership with the Southern Neighbourhood – 'A new agenda for the Mediterranean' [JOIN\(2021\)2](#)

The Joint Communication highlights as one of the priorities of the EU cooperation with Southern partner countries to spur their long term socio-economic recovery and to strengthen their resilience, to support the green and digital transition by investments; and to develop employment opportunities, in particular for the youth and women. The EU is committed – in partnership with European and International Finance Institutions – to promote investments and development initiatives that contribute achieving inclusive growth and to improving the living conditions of citizens, in line with the principles outlined by the European Green Deal. Moreover, actions to strengthen partnerships with the private sector should be promoted, and the use of innovative approaches such as blending grants, loans, and guarantees, as an essential way of leveraging additional resources and increasing the impact of the EU's aid should be fostered.

Based on the above-described context, the European Commission renews the NIP through the NDICI, in support to the implementation of the cooperation frameworks defined for bilateral assistance such as Partnership Priorities (or equivalent documents) and the NIP Strategic Orientations for 2021-2027 (to be consulted with the NIP Board in due course).

2.2. Problem analysis

Short problem analysis

The Southern Mediterranean region is facing governance, socio-economic, climate, environmental and security challenges, many of which result from global trends and call for joint action by the EU and Southern Neighbourhood partners. Protracted conflicts continue to inflict terrible human suffering, trigger significant forced displacement, and weigh heavily on the economic and social prospects of entire societies. Economic growth in the Southern Neighbourhood has not kept pace with demographic growth. The region has one of the lowest levels of regional economic integration in the world. Unsustainable use of natural resources and climate change jeopardise access to water, food, and energy, accelerate desertification and loss of biodiversity, and threaten lives and livelihoods. Significant economic and gender inequalities persist, and governments struggle to meet the aspirations of today's youth.

The current state of the legal and regulatory framework, as well as the fragile public finance situation, aggravated by the consequences of the COVID-19 pandemic and reduced fiscal space of many partner countries tend to limit both the private and public sector's investment capacities and level of borrowing. Furthermore, some countries are already nearing the debt ceilings agreed with the International Monetary Fund (IMF). Therefore particular attention should be paid when approving specific proposals in order to help preserving the long-term debt sustainability.

The NIP will continue to be used to mobilise funding for the response to the COVID-19 pandemic in the Neighbourhood following a Team Europe approach. It is crucial for EU relations with Neighbourhood partner countries that necessary financial support is provided, in particular public infrastructure investments and private sector development, mitigating the economic downturn and reducing adverse long-term impact. This response will build on existing NIP instruments and facilities that can deliver fast and tangible results. The NIP will also contribute to the efforts to get back to a normal functioning of societies and economies and to sustainable growth, integrating inter alia the green transition and the digital transformation in the Neighbourhood region.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

The final beneficiaries of the NIP will be the partner countries directly or indirectly, either through their central, regional and local administrations or semi-public institutions. Other beneficiaries will be the private sector, and in particular MSMEs, for categories of operations dedicated to the private sector development. Multilateral, national, International and European development finance institutions will be direct partners and crucial stakeholders of the Platform.

3. DESCRIPTION OF THE ACTION

NDICI-Global Europe defines the scope of geographic programmes, under which the NIP is financed, as including the following sectors: a) good governance, democracy, the rule of law and human rights, including gender equality; b) eradicating poverty, fighting against inequalities and discriminations, and promoting human development; c) migration,

forced displacement and mobility; d) environment and climate change; e) inclusive and sustainable economic growth and decent employment; f) peace, stability and conflict prevention; and g) partnerships¹⁰.

3.1. Objectives and Expected Outputs

The key objective of the NIP is, within the framework of the objectives of the European Neighbourhood Policy (ENP), the Global Gateway¹¹, and the NDICI, to contribute to achieve the Sustainable Development Goals (SDGs), thus creating sustainable jobs, focusing on promoting additional investments in sustainable infrastructure in transport, energy, environment, contributing to mitigation and adaptation to climate change, and addressing some root causes of migration. The NIP will furthermore support social and private sector development in the Neighbourhood. In particular the NIP will support the growth of MSMEs by making available a range of financial instruments notably through risk-sharing capital mechanisms under the EFSD+ guarantee mechanisms.

From an economic point of view, blending and budgetary guarantees will serve distinct purposes and will be complementary to each other. The main purpose of the NIP is to provide concessionality ('softening' of financial terms) to investment projects through blending grants, notably technical assistance grants and investment grants. The EU contribution should be the minimum necessary in order to render the project in question economically and financially viable, as per the principle of 'minimum concessionality'. The key objective of EFSD+ guarantees will be to reduce risk for implementing partners and/or other investors in order to increase investment capacity in the region and crowd in public and private sector investments.

Depending on the nature of the investment project or investment programme in question, the EFSD+ will make it possible to combine blending interventions with budgetary guarantees.

The leverage effect of the NIP funding is expected to be at least 4 to 5 times the amount of the NIP contributions. The input of the Finance Institutions will increase the leverage effect on policy dialogue and additional resources to be directed towards the neighbourhood beneficiary countries. Operations financed by Finance Institutions pooling their loan resources in combination with NIP support will allow increasing risk and crediting ceilings to the benefit of the partner countries and promote the financing of categories of investments, which at present cannot be financed either by the market or by development Finance Institutions separately.

The objectives and expected outputs are also based on the NIP Strategic Orientations for 2021-2027, which take into account:

- Previous sets of NIP Strategic Orientations (2007-2010; 2011-2013; 2014-2020);
- Evaluations of the NIP Operations in the period 2014-2020, including the 2014 European Court of Auditors' Special Report on the Commission's external blending instruments, the 2016 DEVCO Strategic Evaluation of Blending (2007-2014), including the NIP and the 2021 Results Data Collection (RDC) exercise for the Neighbourhood region

These conditions will be consulted with the relevant regional operational boards.

Priorities in the Neighbourhood South have been further developed via a regional matrix (in annex), organised along four key cooperation sectors: a) green, blue and natural resources, b) transport, connectivity and municipal development, c) private sector, and d) social sector.

Priority areas for support

The NIP will support projects prepared by eligible European and International Financial Institutions, in line with the key strategic objectives of the EU aiming to contribute to achieving the SDGs.

¹⁰ Article 10 of Regulation NDICI (EU) 2021/947

¹¹ JOIN(2021) 30 final

a) Green and natural resources:

Investments in this sector will address the following SDGs: No 6 “Clean water and sanitation”; No 7 “affordable and clean energy”; No 9 “Industry, innovation and infrastructure”; No 13 “Climate action”; No 14 “Life below water”; and No 15 “Life on land”.

Key investment areas will include renewable and sustainable energy, with the finality of greening the energy mix produced and ensuring energy security in the Southern Neighbourhood.

Projects in natural resources management will include safeguarding water, particularly in rural area. Water sector infrastructure investments will continue being highly relevant for all countries in the South, where water scarcity is a major burden for economic growth.

Increasing urbanisation in many countries of the whole Southern Neighbourhood also requires enhanced infrastructures for wastewater treatment and demand-side management. Investments will thus also target regional development and municipal services via the implementation of Sustainable Energy and Climate Action Plans (SECAPs) and urban residential rehabilitation.

Significant opportunities exist to use digital technologies to support the green and blue transition, i.e. by better monitoring the environment, increasing the transparency of the environmental footprint, optimising the value chain and supporting citizen-driven approaches, which all will also contribute to strengthening democracies.

b) Transport, connectivity and municipal development

This domain will address the following SDGs: No 9 “Build resilient infrastructures”; No 10 “Reduced inequalities”; No 11 “Sustainable cities and communities”.

Investments in this sector aim to strengthen core transport links at continental, regional (including via the future Trans-Mediterranean Transport Network to be connected with the TEN-T), national and local level (such as sub-national regions and tier-2 cities), promoting low carbon emission solutions that work for all, and giving access to qualitative local infrastructures, including digital. Cooperation in this sector also has the key finality of improving air, road, rail, maritime, and inland waterway connections, and the usage that people and businesses can make of these connections.

c) Private sector

This domain will contribute towards all SDGs, as all operations will chiefly be aimed at crowding in private sector actors and investments. Activities in this sector will particularly contribute towards SDGs No 8 “decent work and economic growth”; No 9 “Industry, innovation and infrastructure”; No 12 “Responsible consumption and production”.

Support to MSMEs will feature highly, as these are the main employment providers in the neighbourhood region. Activities will support MSMEs capacity in accessing finance by improving their bankability variables (such as their financial sustainability, collaterals and compliance with financial regulatory requisites), and therefore opportunities for financial inclusion. Activities will pay particular attention towards underserved market segments — such as women-owned business and young entrepreneurs—; social businesses; as well as innovative, digitally-enabled and climate-smart companies.

Targeted beneficiaries will be at different development stages (e.g. start-ups, business angel investors, venture capital and mature equity). Activities will also strive to integrate MSMEs in value chains ecosystems within the EU, allowing them to increase their value-adding potential.

d) Public sector

This domain will directly contribute towards SDGs No 3 “Good Health and wellbeing”, No 4 “Quality education”,

The domain includes all the topics addressing social impact, including social protection (protection or assistance systems); education (including Technical and Vocational Education and Training (TVET), secondary and higher education); sanitary (health), living conditions (affordable and green housing, urban residential rehabilitation), and provision of e-services, including e-health, in particular to remote and rural communities.

e) Digital transition

This domain will address the following SDGs: No 8 “Decent work and economic growth”; No 9 “Industry, innovation and infrastructure” and 10 “Reduced inequalities”.

Investments in this area will aim to accelerate universal access to affordable broadband and open internet, guaranteeing essential skills for all to enable citizens to thrive in the digital age, improving the use of key digital technologies (including Cloud, AI, Big Data) by companies and facilitating access to finance and business support services to boost digitally enabled entrepreneurship, and accelerating the adoption of e-services and the development of the digital economy for achieving SDGs.

At the same time, projects in this sector will feed the objectives of other priority areas in this NIP, including green transition, private and public sector modernisation.

The expected results of the NIP are increased investments in the above-mentioned sectors, contributing to:

a) Better and more sustainable energy infrastructure, notably:

- Greening of the energy mix (solar, wind, hydrogen),
- Decentralised renewable energy, and industrial decarbonisation,
- Increased energy efficiency in public buildings and transport sectors,

b) Increased protection of the environment and resilience against natural and man-made disasters, in synergy with low-carbon development, notably:

- Better, more sustainable use of land,
- Increase in nature-based solutions,
- Enhanced water sector management (supply and demand),
- Better waste water management systems, in line with the principles of circular economy, including necessary related infrastructures,
- Better irrigation systems (nexus food-water-energy),
- Implementation of Sustainable Energy and Climate Action Plans (SECAPs),
- Promotion of climate change-related investments,
-

c) Better and more sustainable transport infrastructures, notably:

- Increase of sustainable and smart mobility (including the Trans-Mediterranean Transport Network) with a focus on active mobility,
- Better regional transport infrastructures, as identified in the Programme for Infrastructure Development in Africa (PIDA), the Regional Transport Action Plan (RTAP) and other sub-regional plans, including the links with the adjacent strategic corridors in Sub-Saharan Africa,
- Promotion of low-carbon emission solutions,
- Adoption in infrastructure projects of international transport standards, regulations to ensure optimum interoperability and maintenance measures, in line with those arising from the relevant component of the Africa

Continental Free Trade Agreement (AfCFTA) negotiations and the deployment of the Single African Transport Market (SAATM).

d) Creation and growth of MSMEs, and improvement of the employment situation and support to trade facilitation, notably:

- Foster the capacity of MSMEs to match eligibility criteria by financial service providers to pave the way for financial inclusion (financial sustainability, collaterals, regulatory pre-requisites),
- Support to MSMEs through the use of risk-sharing mechanisms by investing in private equity, venture capital funds, microfinance, guarantees, and other innovative financial instruments,
- Support to human capital development and education, such as TVET, higher education, and specialised infrastructure,

e) Improved social services and infrastructures, notably:

- Better access to healthcare and improved health services infrastructures in both urban and rural areas
- Improved vocational training facilities.

f) Sustainable, human-centric digital transformation, notably:

- Development of secure and sustainable digital infrastructures, available across territories
- Reduction of the digital divide and increased access to digital services for women, youth and rural communities
- Increased opportunities for digital skills development in formal education and TVET, and funding for digital entrepreneurship
- Increased uptake of digital technologies by companies, in particular SMEs
- Increased availability of digital public services, including e-health, in particular for rural populations

3.2. Indicative Activities

This Action Document concerns the 2021 EU contribution to the NIP for the Southern Neighbourhood, amounting to EUR 185 000 000. The contribution includes funds from the Southern Neighbourhood regional and bilateral programmes. The 2021 EU contribution for the Southern Neighbourhood includes the following:

- An allocation of EUR 80 000 000 from the NDICI to the NIP, in order to support investments in line with the NIP Strategic Orientations;
- An allocation of EUR 20 000 000 from the Southern Neighbourhood regional co-operation programme to the NIP, to support indicatively SME's/private sector development and/or investments in renewable energy/energy efficiency
- An allocation of EUR 26 000 000 from Egypt bilateral cooperation for investments in indicatively in energy, water, climate change and private sector support;
- An allocation of EUR 35 000 000 from Jordan bilateral cooperation for investments in indicatively in water, energy and climate change domains;
- An allocation of EUR 24 000 000 from Palestine bilateral cooperation for investments indicatively in energy and private sector support.

The indicative pipeline of project proposals for the South for the period 2022-2023 is included as Appendix 1 to this Action Document. Considering the Union's indicative commitment to dedicate 30% of budget expenditure under the NDICI – Global Europe Regulation to climate objectives, an appropriate contribution to this objective through blending operations under the NIP will be promoted.

Some limited funds from this Financing Decision will be allocated to financing of **legal services necessary for the implementation of** the European Fund for Sustainable Development Plus (EFSD+), under which the NIP is one of the instruments. Under EFSD, considering the novelty of the mechanism for the EU Commission and implementing partners, the support of the legal adviser has allowed all stakeholders involved to progressively develop a dedicated

working process that has led to streamline provisions in guarantee agreements, simplify templates and then reduce timeframe for negotiations and signatures of the relevant agreements

The types of operations which can be financed under the NIP are the following:

- Direct investment grants;
- Interest rate subsidies;
- Guarantees;
- Technical assistance;
- Risk capital operations;
- Any other risk sharing mechanisms

Risk capital operations, guarantees or any other risk sharing mechanisms should be structured in such a way as to ensure alignment of interest with entrusted entities.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

According to Article 25.5 of NDICI-Global Europe Regulation: “Appropriate environmental screening, including from climate change and biodiversity impacts, shall be undertaken at the level of actions, in accordance with the applicable legislative acts of the Union, [...], comprising, where applicable, an environmental impact assessment, including the impact on climate change, ecosystems and biodiversity, for environmentally sensitive actions, in particular for major new infrastructure”.

Gender equality and empowerment of women and girls

The Gender Equality and Women’s Empowerment in External Action 2021-2025¹² aims at promoting gender equality and women’s empowerment throughout all EU external action. Furthermore, in the sustainable development framework, gender equality is a specific goal and cross-cutting vector for achieving the Agenda 2030 for sustainable development (SDG No 5 “Gender equality”).

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G.1. This implies that gender equality and empowerment of women and girls will be mainstreamed and integrated in the design of individual actions, whenever relevant, and will be included in the set of indicators accompanying each action.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that disabilities will be mainstreamed where relevant in the design of individual actions, but will not be included in the sets of indicators accompanying these actions.

Human rights

For operations under EFSD+ (including NIP) an ex ante evaluation will be carried out to determine the possible implications and risks of supported operations with regard to human rights, environmental, labour and social standards taking due account of the principle of free and prior informed consent of affected communities in land related investments, as referred in NDICI-GE article 35.2.a and f.

Other considerations

¹² GAP III JOIN(2020)17

Human Rights, resilience and conflict sensitivity, environment and climate change will be integrated in the design of individual actions, whenever relevant, and will be included in the set of indicators accompanying these actions.

3.4. Risks and Lessons Learned

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1 ¹³	External debt unsustainability as some countries in the Southern Neighbourhood are already close to the debt limit set by the IMF	Moderate to high	Moderate to high	Regular monitoring in line with IMF guidelines and recommendations
Assumptions				
<p>- A stable political and security climate on the regional level in general and on the country level in particular is needed to promote and secure investments.</p> <p>- Partner countries are ready to increase the level of investments on their own resources as well as through loans.</p> <p>- The pipelines of operations are of sufficient quality and volume and provide sufficient added value.</p> <p>- Partner countries and other local beneficiaries are supportive to the projects prepared by the eligible Finance Institutions.</p>				

Lessons Learned:

Allocations to the NIP from the Union's budget have reached since 2008 a total of EUR 2.1 billion for the Neighbourhood South. Additionally, Member States have contributed to the NIP Trust Fund with a total of EUR 87.75 million. This has enabled the launching of 126 projects with NIP support. The NIP has succeeded in mobilising approximately EUR 16 billion of financing from European and International Financial Institutions since 2008 for the Neighbourhood South, with a total investment amount of circa EUR 26.2 billion, leveraging approximately 12.5 times in investment for every euro provided by the NIP.

The success of the NIP as an instrument in the Southern Neighbourhood to leverage investments and achieve greater development impact is also evidenced by a greater demand for resources and in top-ups from the regional and bilateral budgets.

An overall evaluation on blending was conducted between July 2015 and July 2016¹⁴ incorporating all regional investment facilities active during the period 2007-2014. The findings of the evaluation presented some recommendations on how to further improve the use of the blending and aid modality as follows:

- Focus on the additionality of the blending operations;
- Expand the number and specialisation of IFI/EUFI partners;
- Sharpen the alignment of the blending projects with national policies and priorities;
- Expand the use of risk-sharing instruments in view of pro-poor and pro-development risk taking;
- Improve the development impact of blending projects by placing greater focus on job creation and poverty alleviation.

¹³ Risk related to the external environment

¹⁴ Evaluation of Blending – [Final Report \(December 2016\)](#)

3.5. The Intervention Logic

The underlying intervention logic for this action is that – in line with section 4.3.7 – each Lead Financial Institution will be awarded a contract for an individual operation, based on its operational and financial capacity and reflecting the overall NIP Strategic orientations. Each individual action will be accompanied by a set of indicators adapted to the specificities of this action.

The strategic orientations and the implementation modalities of each action will be discussed with beneficiary countries in dedicated strategic meetings, under the ownership principle of the EU's development cooperation. Strategic discussions with Member States, beneficiary countries and relevant regional organisations will take place. Financial Institutions will participate to the discussions as observers.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, financing agreements may be concluded with the partner countries.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 246 months from the date of adoption by the Commission of the Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

4.3.1. Indirect management

The contribution to the Southern Neighbourhood Investment Platform may be implemented under indirect management with the entities, called Lead Finance Institutions, listed below, whenever possible under the lead of the EIB in line with its external mandate under Decision No 466/2014/EU, a multilateral European Finance Institution such as the European Bank for Reconstruction and Development (EBRD), or a bilateral European Finance Institution, e.g. bilateral development banks.

The following European Development Finance Institutions are recognised as eligible to the extent they have fulfilled relevant conditions under the pillar assessment process and they have signed the respective NIP Framework Arrangement:

- European Investment Bank (EIB)
- European Bank for Reconstruction and Development (EBRD)
- Nordic Environment Finance Corporation (NEFCO)
- Agence Française de Développement (AFD)
- Kreditanstalt für Wiederaufbau (KfW)

- Österreichische Entwicklungsbank AG (OeEB)
- Società Italiana per le Imprese all'Estero (SIMEST)
- Sociedade para o Financiamento do Desenvolvimento (SOFID)
- Agencia Española de Cooperación Internacional para el Desarrollo (AECID)
- Compañía Española de Financiación del Desarrollo (COFIDES)
- Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO)
- Cassa depositi e prestiti S.p.A., (CDP)
- Bank Gospodarstwa Krajowego (BGK)

In addition, the following International Finance Institutions are recognised as eligible to the extent they have fulfilled relevant conditions under the pillar assessment process. Their involvement as lead implementing partners is foreseen subject to the provisions of Article 27(7) of the NDICI – Global Europe Regulation:

- International Finance Corporation (IFC)
- International Fund for Agricultural Development (IFAD)
- African Development Bank (AfDB).

4.3.2. Direct management (Procurement)

As far as legal support and advisory services to the preparation of guarantee agreements under EFSD+ are concerned, the objectives and outputs described in section 3 can best be achieved by procuring the relevant services of an internationally recognised law firm with high expertise on financial products, more specifically and preferably with prior experience working on EU budgetary guarantees.

4.3.3. NDICI Blending Framework

The NIP operates under the governance of the NDICI blending framework. According to Article 27(7) NDICI Regulation, blending operations shall be implemented in accordance with the principles laid down in Article 209(1) of the Financial Regulation, and whenever possible, under the lead of the EIB, or a bilateral European finance institution – as detailed in section 4.3.1 – and possibly pooled with other forms of financial support, both from Member States and third parties.

Strategic orientations are discussed with beneficiary countries in dedicated strategic meetings, under the ownership principle of the Union's development co-operation. Strategic discussions at highest level with Member States, beneficiary countries and relevant regional organisations will take place. Finance Institutions will participate in the discussions as observers. These strategic discussions provide strategic and policy guidance to the Board.

The operational governance of the NIP is organised in a two-level structure:

- Opinions on projects are formulated by the NIP Board, held whenever possible back to back with the NDICI committee. The Board shall meet in Brussels two to four times a year, depending on the needs. The Secretariat of the Board is responsible for providing an annual indicative timetable for those meetings;
- Such opinions will be prepared in dedicated Technical Assistance Meetings, chaired by the Commission. Such meetings are held on a regular basis depending on the needs, and in any case before each meeting of the NIP Board to prepare its deliberations on project proposals.

The NIP Board is chaired by the Commission and is composed of representatives of the Commission, the European External Action Service (EEAS), the Union Member States as voting members, and International and European Finance Institutions as observers. In principle, the Operational Board aims to deliver opinions on project proposals by consensus. If no consensus can be found, the Operational Board will vote. IFIs/EUFIs will be present mainly for the purposes of

presenting their proposals and responding to any request for clarifications on proposals submitted but not present during the formal formulation of opinions by the Operational Board. The part of the meeting where opinions on Union contribution requests are expressed will be restricted only to voting members. The conclusions including their justifications will be subsequently communicated to the IFIs/EUFIs in writing.

The Operational Board will also be responsible for:

- Providing guidance to participating institutions on appropriate future financing proposals (based on the NIP Strategic Orientations), monitor and review the pipeline of projects, based on the results of the discussions at the technical level;
- Examining project related results (including the NIP annual report) and monitor the portfolio of approved projects;
- Promoting exchanges of best practices;
- Drawing upon the specific expertise of the finance institutions as appropriate and respect the appropriate division of labour;
- Examining the involvement of non-European FIs, in particular regional banks, to act as lead FIs, following a targeted approach on the basis of the specific added-value brought in.

The functioning of the NIP Board is regulated by the Rules of Procedures, adopted by the Board itself on 27 November 2015 and amended by the NIP Board meeting of 13 December 2018.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Contribution for NIP projects in ENP South (from budget line BGUE-B2021-14.020110-C1-NEAR)	185 000 000
Including Contribution to Service contract for Legal support to contracting EFSD+ Gas (Direct management)	1 860 000
Totals	185 000 000

4.6. Organisational Set-up and Responsibilities

See section 4.3.2 above

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

5.2. Evaluation

A mid-term evaluation of the NIP was concluded in May 2013, covering the period from 2008 until 2011. The European Court of Auditors published in 2014 a [Special Report on the Commission's external blending instruments](#), incl. the NIP. In 2016 DG DEVCO published the [Strategic evaluation of Blending \(2007-2014\)](#), that also included the NIP. In 2021, an evaluation will be launched of the implementation of blending in the EU Neighbourhood between 2015 and 2021.

At the level of individual operations, monitoring, evaluation and audit tasks will be carried out under the responsibility of the Lead Financial Institution, and will be organised according to the requirements of each project. In addition, the Commission reserves the right to undertake external evaluations and audits in accordance with international standards, and in that case it may be financed by other financial sources.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. COMMUNICATION AND VISIBILITY

Communication and visibility is a contractual obligation for all entities implementing EU-funded external actions to advertise the European Union's support for their work to the relevant audiences.

To that end they must comply with the instructions given in the [*Communication and Visibility Requirements of 2018*](#) (as updated by the communication and visibility requirements in force under the 2021-2027 programming), notably with regard to the use of the EU emblem and the elaboration of a dedicated communication and visibility plan, to be completed for every action at the start of implementation.

These obligations apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries or entrusted entities. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and delegation agreements.

Communication and visibility measures may be funded from the amounts allocated to the action. For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds.

Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and concerned EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before work starts. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

For communicating on Team Europe Initiatives, the EU and its Member States can rely on the specific guidance on the Team Europe visual identity.