



Brussels, 25.4.2017
C(2017) 2835 final

COMMISSION IMPLEMENTING DECISION

of 25.4.2017

**on the sixth complementary financing Decision of the Neighbourhood Investment
Facility to be financed from the general budget of the Union**

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002¹, and in particular Article 84(2) thereof,

Whereas:

- (1) The Commission has adopted the Annual Action Programme 2016 contributing to the Neighbourhood Investment Facility from the general budget of the European Union². Following the selection process foreseen in the 2016 Annual Action Programme, some projects to be implemented have been selected.
- (2) For projects to be implemented under indirect management, it is necessary to adopt this Decision in order to provide the elements required by the second subparagraph of Article 84(3) of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council.
- (3) The Commission should entrust budget-implementation tasks under indirect management to the entities specified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds. The European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Council of Europe Development Bank (CEB), the Nordic Investment Bank (NIB), the Nordic Environment Finance Corporation (NEFCO), the Agence Française de Développement (AFD), the Kreditanstalt für Wiederaufbau (KfW), the Italian Società Italiana per le Imprese all'Estero (SIMEST) and the Spanish Agency for International Development Cooperation (AECID) comply with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary.
- (4) It is necessary to allow the payment of interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.

¹ OJ L 298, 26.10.2012, p. 1.

² Commission implementing Decision C(2016)3436 of 31 May 2016 on the Neighbourhood Investment Facility, part of the European Neighbourhood wide Action Programme 2016 to be financed from the general budget of the European Union.

- (5) The Commission is required to define the term "non-substantial change" in the sense of Article 94(4) of Delegated Regulation (EU) No 1268/2012 to ensure that any such changes can be adopted by the authorising officer by delegation, or sub-delegation (hereinafter referred to as the 'responsible authorising officer').
- (6) The measure provided for in this complementary financing Decision does not fall in the categories of measures for which the prior opinion of the Committee is required. The European Parliament and the European Neighbourhood Instrument Committee set up by Article 15 of the financing instrument referred to in Recital 1 should be informed of this Decision within one month following its adoption,

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of projects to be implemented and of their modalities

The list of projects and financial commitments to be implemented under indirect management in the framework of the Neighbourhood Investment Facility (NIF), as set out in the Annex attached, is approved.

Budget-implementation tasks under indirect management may be entrusted to the entities identified in the Annex attached, subject to the conclusion of the relevant agreements.

Article 2

Non-substantial changes

Increases or decreases of up to EUR 10 million not exceeding 20% of the contribution referred to in the first paragraph of Article 2, or cumulated changes to the allocations of specific actions not exceeding 20% of that contribution shall not be considered substantial within the meaning of Article 94(4) of Delegated Regulation (EU) No 1268/2012 where those changes do not significantly affect the nature and objectives of the actions.

The modification of the year under which an adopted project set out in the Annex is financed shall not be considered as a substantial modification as long as the thresholds foreseen in this Article are respected. The responsible authorising officer may adopt these non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 25.4.2017

For the Commission
Johannes HAHN
Member of the Commission

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Title of the project	Selected Entrusted Entity	Maximum of EU contribution (EUR)
<i>East</i>		
Armenia – Irrigated Agriculture Development in Ararat and Armavir Marzes	AFD	10 376 000
Georgia – Extension of the Georgian Transmission Network	KfW	10 360 000
<i>South</i>		
Tunisia – Development of the central loop of the Tunis metro and improvement of the conditions in the Plaza de Barcelona	AFD	6 448 000
Regional – EU Trade and Competiveness Programme for Egypt and Jordan (EBRD component)	EBRD	25 720 000

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Armenia – Irrigated Agriculture Development in Ararat and Armavir Marzes

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	Agriculture Development / 31120
Partner country/region	Armenia
Lead FI	AFD
Co-financiers	N/A
EU contribution requested	EUR 10 376 000
Total cost of the project	EUR 100 000 000
Objectives to be fulfilled (main)	<p>Main objectives of the project are:</p> <ol style="list-style-type: none"> 1. To support the Government of Armenia in reforming the irrigation sector through capacity building at central and local levels, development of social water management and reduction of subsidies to the water users associations; 2. To put in place innovative sustainable mechanisms to address constraints of irrigated agriculture economic development such as water availability/efficiency but also land issues, cropping patterns, lack of efficient agricultural services, targeting as a priority smallholder’s involvement in irrigated agriculture of; 3. To support the sustainable development of cooperatives in Armavir and Ararat Marzes regions not yet covered by EU ENPARD programme.
Foreseen results	<p>The EU contribution will bring more efficient and sustainable solutions to the water sector in terms of central and local governance, capacity-building to farmers, development of cooperatives and civil society, access to public and financial services, and market opportunities – in complement to AFD, KfW and EIB projects.</p> <p>Environment sustainability, climate change and disaster risk management will be at the centre of the issues tackled by this scaled-up support, and will be implemented in close coordination with the Ministry of Emergency Situations.</p> <p>Gender equality will be integral to all activities to be implemented as, taking into account the key role of women in rural areas, both as de facto heads of household and as drivers of initiatives to</p>

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	<p>develop rural livelihoods.</p> <p>Since this action focuses on the efficiency and transparency with which the country's water resources are utilised in the agriculture and rural development sector, it will also help to address issues related to poverty, and access to basic needs, all the more since the lion's share of revenues for rural population comes from agriculture products and hired labour.</p>
<p>Description of the activities</p>	<p>The project consists of the following components:</p> <p><i>Component 1: Institutional support to national and local stakeholders involved in the irrigated agriculture sector.</i></p> <p>This component consists of the following activities:</p> <ul style="list-style-type: none"> • Support to the Ministry of Agriculture to define adapted agricultural policy tools and it will take the form of international and national expert mission, institutional partnerships and training, visits and workshop; • International expertise in water policy, management, operation and maintenance, irrigation, land policy to the State Committee of Water Economy for reforms and policy on water management and irrigation efficiency, while to the Water State Project Implementation Unit – for technical, institutional and social engineering; • Studies to build up knowledge, information and monitoring system on water resources and water balance linked to Vedi reservoir. <p><i>Component 2: Improvement of irrigated agriculture outputs</i></p> <p>This component consists of the following activities:</p> <ul style="list-style-type: none"> • Creation and operations of four local service platforms at the level of Water Users Associations; • Support to development of processing/marketing cooperatives; • Dedication of a grant to drip irrigation pilot operations, with the purpose of fostering the development of high-added value cropping system; • Creation and replenishment of a fund for land consolidation. <p><i>Component 3: Project Management</i></p> <p>A third component will provide support to the Project Implementing Entities to cope with additional workload. Funds for communication and visibility of EU support, monitoring/evaluation, policy dialogue committee and audits will also be provided.</p>
<p>Location</p>	<p>Armenia</p>

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<p>Duration i.e. implementation period and indicative implementation timetable</p>	<table> <tr> <td>Target date of signature of EU Delegation Agreement with Lead FI</td> <td>2Q 2017</td> </tr> <tr> <td>Target date of signature of EU Financing Agreement with Beneficiary</td> <td>2Q 2017</td> </tr> <tr> <td>Start of activities financed by the EU grant</td> <td>3Q 2017</td> </tr> <tr> <td>End of activities financed by the EU grant</td> <td>2022</td> </tr> <tr> <td>End of project activities</td> <td>2022</td> </tr> </table>	Target date of signature of EU Delegation Agreement with Lead FI	2Q 2017	Target date of signature of EU Financing Agreement with Beneficiary	2Q 2017	Start of activities financed by the EU grant	3Q 2017	End of activities financed by the EU grant	2022	End of project activities	2022
Target date of signature of EU Delegation Agreement with Lead FI	2Q 2017										
Target date of signature of EU Financing Agreement with Beneficiary	2Q 2017										
Start of activities financed by the EU grant	3Q 2017										
End of activities financed by the EU grant	2022										
End of project activities	2022										
<p>Justification/additionality of the EU grant</p>	<p>The EU Contribution is expected to bring decisive market leverage to the sector by converting the additional water resources into agricultural productivity gains and export opportunities.</p> <p>The reduction of state subsidizes to Water Users Associations will also help the Government of Armenia to save most-need budget resources that could be directed to other priority public expenses.</p> <p>In 2013, the unit cost (including electricity expenses) of Vedi and Ararat Water Users Association stood at 17 Armenian Dram (AMD)/m³ and 24.8 AMD/m³ respectively, largely exceeding the 11 AMD/m³ fixed tariff offered to farmers; the deficit between this consumer price and the unit cost being covered by state subsidies.</p> <p>The Project, by significantly improving the irrigation networks performance (reduction of water losses and electricity consumption after conversion to gravity-fed systems financed with AFD loan) and management/sustainability (technical assistance support, innovative solutions financed with the EU contribution), is expected to cut unit cost with the objective to reach 11 AMD/m³ (or less) at the end of the project.</p>										

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Georgia – Extension of the Georgian Transmission Network

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	Electric power transmission and distribution / 23630
Partner country/region	Georgia
Lead FI	KfW
Co-financiers	European Bank for Reconstruction and Development (EBRD)
EU contribution requested	EUR 10 360 000
Total cost of the project	EUR 225 000 000
Objectives to be fulfilled (main)	<p>The Program aims at further stabilising the electricity supply in Georgia/ Southern Caucasus and contributing to a stable, reliable, cost-effective and efficient national transmission grid while at the same time fostering opportunities to cross-border electricity trade, i.e. the export of renewable energies (mainly hydropower) from Georgia.</p> <p>The project further addresses Georgia's need for increasing its energy generation by providing the necessary grid transmission infrastructure to satisfy the growing demand for energy.</p> <p>Main objectives are:</p> <ul style="list-style-type: none"> • Provision of grid infrastructure for promotion of net integration of hydropower plants (HPPs); • Increase of transmission capacities, including cross-border trade; • Improvement of security of supply. <p>By this, the project contributes to the regional cooperation and supports Georgia's role as energy hub in the region. A stable and reliable power supply will contribute to the socio-economic development of the country.</p>
Foreseen results	<p>The main impact of the program is the enhanced security of electricity supply within Georgia as well as to/from neighbouring countries, especially Turkey. The reliability of electricity supply will be ensured by new infrastructure constructed according to the international standards.</p> <p>The stable electricity lays the basis for economic development, thus creating employment opportunities and thereby alleviating poverty. Furthermore, the provision of grid transmission</p>

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	<p>infrastructure stimulates the needed private investment into HPP generation.</p> <p>Besides, Georgia's role as energy hub in the south Caucasus and beyond is of high regional importance. By fostering the regional integration of the energy systems the use of export/import capacities can be optimised and leads to a more efficient use of resources.</p> <p>The program is fully in line with Ten Year Development strategy of the energy sector of Georgia approved by the Government. The fragile political situation in the region allows as well for a political component of the project: the strengthening of regional integration and the increased cooperation in the energy sector contribute to stability and the reduction of conflicts in the region.</p>
Description of the activities	<p>The program consists of three sub-projects:</p> <p>a) Construction of 500kV transmission line from Tskaltubo to Akhaltsikhe and the connection to Tortum (Turkey);</p> <ul style="list-style-type: none"> • Construction of a double circuit overhead transmission line (OHL) from Tskaltubo to Akhaltsikhe and extension of the 500 kV switchgear of the substation Akhaltsikhe. • Construction of a 400 kV OHL from Akhaltsikhe to Tortum (Turkey): <p>b) Reinforcement of the Transmission Infrastructure of Guria</p> <ul style="list-style-type: none"> • Construction of the new 220/110kV substation Ozurgeti and new 110 kV substation Chokhatauri, link in of the existing 220 kV Palystomi Overhead transmission line and construction of approx. 40 km double circuit OHL between these two substations. <p>c) North Ring Tskaltubo (first phase of North Ring);</p> <ul style="list-style-type: none"> • Construction of a double-circuit 110 kV OHL from Khudoni to Mestia (length: 90 km); double-circuit 220 kV OHL Khudoni-Nenskra (length: 7 km); 110/35 kV substation Mestia; 500/220/110 kV substation Khudoni; Tie-line from 500 kV OHL Kavkasioni (Jvari – Tsentralnaia) to substation Khudoni (1 km); Construction of 110kV double circuit OHL "Kheledula-Jakhunderi", 20km Construction/Extension of 220kV substation Lajanuri <p>The project will be supported by Technical Assistance closely related to the project implementation such as preparation, design, tender, contract negotiations, supervision of the installation as well as assistance in environmental/social impact and capacity building etc.</p>
Location	Georgia

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Start of activities financed by the EU grant	4Q 2017										
End of activities financed by the EU grant	2020										
End of project activities	2021										
<p>Justification/additionality of the EU grant</p>	<p>Without the project (including the EU contribution), the additional network could not be constructed and new hydro power plants could not be connected to the grid and deliver electricity to consumers.</p> <p>Through the reduction of financing costs and additional capacity measures to Georgian State Electrosystem (GSE) and therewith increase the financial performance of GSE, the EU contribution will allow keeping the growth of the end-user tariffs at a still acceptable low/moderate level, which will contribute to economic growth. Since the EU contribution reduces the financing costs of the investment, which are the bases for the tariff calculation, the impact on lower tariffs for the end-user would be long-term.</p> <p>In the following, the influence of the NIF contribution on the end user tariff for households refers to the tariff share of dispatch and transmission (as this can be attributed to the partner GSE, the national transmission system operator).The current tariff share for transmission and dispatch is calculated by GNERC on the basis of required revenues of GSE and planned consumption for the year.</p> <p>Since the EU contribution will close the funding gap and therewith make the overall program financially feasible, the overall program will contribute to higher electricity availability and electricity security for the whole population, which is the basis for economic development, thus creating employment opportunities and thereby alleviating poverty. By supporting the connection of renewable generation capacities, the program supports a green generation mix in the Caucasus region and helps to satisfy the increasing demand for energy in Georgia.</p>										

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Tunisia – Development of the central loop of the Tunis Metro and improvement of the conditions in the Plaza de Barcelona

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	Rail transport / 21030
Partner country/region	Tunisia
Lead FI	AFD
Co-financiers	N/A
EU contribution requested	EUR 6 448 000
Total cost of the project	EUR 89 100 000
Objectives to be fulfilled (main)	<p>Main objectives of the project are:</p> <ol style="list-style-type: none"> 1. Improve accessibility, quality and economic attractiveness of the city centre around the Plaza de Barcelona. 2. Improve urban public transport network and use by public the public through: <ul style="list-style-type: none"> • Better flow of all metro lines in the conurbation, enabling higher frequencies and better punctuality; • Improvement of the intermodality offer at the Barcelona Trade Center: improved safety and convenience for pedestrians and travelers, passenger information, ticketing; • The lifting of current operating constraints allowing future developments of the metro network (extensions, new lines) 3. To combat air pollution, noise, congestion, greenhouse gas emissions linked to the excessive use of the private car in the centre of Tunis.
Foreseen results	<p>The project will contribute to the increase in the share of public transit It should be noted that the project will also contribute to strengthening the competitiveness of public transport.</p> <p>The reversal of the central loop and the improvement of the track plans will improve the circulation of the trains in the city centre.</p>
Description of the activities	<p>The project consists of the following components:</p> <p>(1) Development of the central loop metro infrastructure and connectivity to the Barcelona square trade center.</p>

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	<p>(2) Support to the project supervision and management mission: The management mission will be provided with integrated services for both missions prior to awarding works contracts (phase 1: review and update of the contract) ODA, procurement assistance), and work supervision missions (Phase 2: Visa for execution studies, works supervision, programming, assistance for reception operations).</p> <p>(3) Capacity building of the project management unit: It will contribute to the internal professionalization of the project management unit, including the following tasks: programming / OPC (organization, steering and coordination), accounting and financial monitoring, contractual management of works and engineering contracts, environmental monitoring And social aspects of the Project.</p> <p>(4) Studies / services for the implementation of a comprehensive intermodality offer: These studies will enable the project to address not only the physical component of intermodality (creation of the Barcelona trade hub), but also the other dimensions of the service offering: ticketing, tariffing, passenger information , Coordinated operation of networks.</p> <p>(5) Assistance in the areas of safety and security in public transport integrating the specific objective of combating violence against women in transport.</p>
Location	Tunisia
Duration i.e. implementation period and indicative implementation timetable	<p>Dates of signature of the loans with the beneficiary:</p> <ul style="list-style-type: none"> ➤ Lead Financier 1Q 2017 ➤ Other co-financing EFIs 1Q 2017 <p>Target date of signature of EU Delegation Agreement with Lead FI 1Q 2017</p> <p>Target date of signature of EU Financing Agreement with Beneficiary 1Q 2017</p> <p>Start of activities financed by the EU grant 2Q 2017</p> <p>End of activities financed by the EU grant 2023</p> <p>End of project activities 2023</p>

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Justification/additionality of the EU grant	<p>The project will improve the mobility of users in the center of Tunis by mobilising financing and the provision of technical assistance through works related to (i) the modification of tracks of metro lines in the center of Tunis; (ii) the adaptation of stations ; and (iii) the modernisation of the public space around the square of Barcelona for enhanced multimodal transport connectivity.</p> <p>The EU grant will reduce the costs of the project to the promoter and contribute to make public transport affordable for users. The EU grant will also increase the technical capacity of the implementing entity (TRANSTU), thus enhancing the quality and sustainability of the project management during implementation.</p>
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Regional – EU Trade and Competitiveness Programme for Egypt and Jordan – (EBRD component)

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	Small and medium-sized enterprises (SME) development / 32130 Agriculture / 311 Industry / 321 Telecommunications / 22020 ICT / 22040 Energy: resource generation, distribution and efficiency / 230 Storage / 21061
Partner country/region	Egypt and Jordan
Lead FI	EBRD
Co-financiers	N/A
EU contribution requested	EUR 25 720 000
Total cost of the project	EUR 171 000 000
Objectives to be fulfilled (main)	This innovative program having as beneficiaries the private sector in Egypt and Jordan (the “Program”) has as objective to enhance the sustainability and competitiveness of SMEs in Egypt and Jordan through mobilisation of access to finance in support to value chain development as well as additional measures to help foster innovation, technological development and trade opportunities in the Mediterranean region and with the EU.
Foreseen results	<p>The Program will boost the competitiveness of private sector SMEs in Jordan and Egypt through increasing their participation in value-added and export-oriented activities across selected value chains. This will be achieved through improving linkages with larger market players/aggregators that can drive value chain organisation and the upgrade of standards.</p> <p>Investment projects with SMEs and aggregators will target production and export growth, value-creation and innovation activities along value chains which include a large number of SMEs. Product, process and service improvements by the aggregator will exert strong positive effects on the SMEs they work with (eg. raw material producers, suppliers, logistics operators, traders, etc.).</p> <p>Technical assistance will target SMEs directly to support improvements in their operations, productivity, environmental sustainability, management structure, and quality standards. The</p>

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	activities can focus on business advisory services, the transfer of technologies and know-how, and support for quality upgrades.
Description of the activities	<p><i>Instrument 1: Sustainable Value-Chains and Competitiveness</i> The objective of Instrument 1 is to support the integration of SMEs in Egypt and Jordan into value-chains – in particular, local SMEs that already work with aggregators/sponsors (e.g. export-oriented buyers, local processing companies and off-takers) in the sectors of agribusiness, manufacturing, services, property (logistics/distribution) and ICT. Improved value chains will support SMEs in innovating processes and production and contribute to increase access to the EU market.</p> <p><i>Instrument 2: Sector development, competitiveness and value-chain diagnostics</i> The objective of Instrument 2 is to support the implementation of Instrument 1 through a novel, practical and analytical assessment of the key regulatory and legislative obstacles to increase competitiveness and greater value chain development.</p> <p><i>Instrument 3: Venture Capital and start-up companies</i> This instrument will support the development of business accelerators in Egypt and Jordan, as well as the start-up companies supported by these accelerators. It will also invest in venture capital in partnership with other institutions/private sector to provide direct support to early-stage companies in promising sectors which are locally underdeveloped and lack access to risk-capital, with a focus in Egypt.</p>
Location	Egypt and Jordan
Duration i.e. implementation period and indicative implementation timetable	<p>Dates of signature of the loans with the beneficiary:</p> <ul style="list-style-type: none"> ➤ Lead Financier 1Q 2017 ➤ Other co-financing EFIs 1Q 2017 <p>Target date of signature of EU Delegation Agreement with Lead FI 1Q 2017</p> <p>Target date of signature of EU Financing Agreement with Beneficiary 1Q 2017</p> <p>Start of activities financed by the EU grant 1Q 2017</p> <p>End of activities financed by the EU grant 2020</p> <p>End of project activities 2020</p>

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<p>Justification/additionality of the EU grant</p>	<p>The EU budgetary resources will facilitate access to finance and provision of specialised technical assistance for SMEs in Egypt and Jordan to improve their business performance, including compliance with technical standards in particular for addressing international markets, while at the same time improving their competitiveness through integration into value-chains with high potential for development. The vast majority of the SMEs that the Program would reach are part of key supply and value chains in the context of the countries' economies and, at the same time, export products like processed agricultural produce (e.g. olive oil) or manufactured goods for various industries (automotive). The Program activities supported with the EU grant will increase growth opportunities for SMEs in particular through export development to the EU (in the context of current EU Association Agreements and possible future participation/preparation to a Deep and Comprehensive Free Trade Area) as well as in the Mediterranean region (in relation to the Agadir Free Trade Agreement).</p> <p>Indeed, with the support of the EU the programme will support the development of business accelerators and the development of venture capital in Egypt and Jordan, which will result in an increased level of innovation, business sophistication and value added in processing and products, hence increasing overall private sector development, in particular for young entrepreneurs, and competitiveness. The EU equity investment grant will also act as catalyst to mobilise EBRD and other investors' venture capital in support to the financing of early-stage companies with a focus on Egypt.</p>
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