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ANNEX

of the Commission Implementing Decision on the financing of the annual action plan in favour of the Neighbourhood Investment Platform (NIP) – 2022 East

Action Document for Neighbourhood Investment Platform (NIP) – 2022 East

ANNUAL ACTION PLAN

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

1. SYNOPSIS

1.1. Action Summary Table

1. Title OPSYS Basic Act	Neighbourhood Investment Platform (NIP) – 2022 East Annual action plan in favour of NDICI Neighbourhood East Region for 2022 OPSYS business reference: ACT-61307 ABAC Commitment level 1 number: JAD.1048323 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in the Eastern Partnership Region: Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine.
4. Programming document	Multiannual indicative programme for the Eastern neighbourhood 2021-2027 ¹
5. Link with relevant MIP(s) objectives/expected results	Regional Multiannual Indicative Programme for the Eastern Neighbourhood(2021-2027) Priority area 1: Resilient, sustainable and integrated economies Priority area 3: Environmental and climate resilience Priority area 4: Resilient digital transformation
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	1: Resilient, sustainable and integrated economies

¹ C(2021)9370 final - Multiannual indicative programme for the Eastern neighbourhood for the period 2021-2027

	3: Environmental and climate resilience 4: Resilient digital transformation			
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): 8 Decent Work and Economic Growth Other significant SDGs (up to 9) and where appropriate, targets: Goal 2 – Sustainable Agriculture Goal 6 – Clean Water and Sanitation Goal 7 – Affordable and Clean Energy Goal 9 – Industry, Innovation and Infrastructure Goal 11 – Sustainable Cities and Communities Goal 13 – Climate Action			
8 a) DAC code(s)	21010 – Transport policy and administrative management, 25 % 23010 – Energy policy and administrative management, 25 % 32130 – SME development, 25 % 41010 – Environment policy and administrative management, 25 %			
8 b) Main Delivery Channel	42000/42004 – EIB – European Investment Bank 46000 – Regional Development Bank			
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 checked="" type="checkbox"/> Biodiversity <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 checked="" type="checkbox"/>	<input 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"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Combat desertification	<input checked="" type="checkbox"/>	<input 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 and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tags			/
	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	<u>Connectivity</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tags			/
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
health	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
education and research	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Migration	<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): 14.020111			
	Total estimated cost: EUR 76.036.471,08 €			
	Total amount of EU budget contribution EUR 76.036.471,08 €			
MANAGEMENT AND IMPLEMENTATION				
13. Implementation modalities (type of financing and management mode)	<p>Indirect management:</p> <p>This contribution to the Neighbourhood Investment Platform (NIP) shall be implemented in indirect management by the entities indicated in section 4.3.1 in accordance with the Neighbourhood Investment Platform's award procedure.</p>			

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 Overall Objective of the NIP is to **mobilise investments in line with Economic and Investment Plan (EIP)² and its country flagships.**

The NIP is designed to combine EU grants or financial instruments with other public and private financing **to implement the Economic and Investment Plan.** By reducing, through co-financing, the overall cost or risk of the project or by subsidising interest rates or financing technical assistance or providing financial instruments, the NIP will encourage the partner country governments, private sector and/or public institutions to carry out essential investments that would otherwise not happen. The NIP is key to mobilise priority investments in infrastructure in transport, energy, environment, with a particular focus on climate change mitigation and adaptation, and to support social and private sector and micro, small, and medium size enterprises (MSMEs) development in Eastern Partner Countries, **as identified in the EIP.**

2. RATIONALE

2.1. Context

In accordance with Regulation (EU) No 947/2021³ of the European Parliament and the European Council, 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 (“NDICI-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 2014, the three countries Georgia, Moldova and Ukraine in the Neighbourhood East region signed an Association Agreement with the Union including a Deep and Comprehensive Free Trade Area (DCFTA) agreement. The DCFTAs offer new opportunities for trade and further integration of their economies with the Union, but also necessary adaptations and greater benefits for private sector. In June 2022, the European Council recognised the European perspective of the three countries, and granted candidate status to Moldova and Ukraine. With this step, Georgia, Moldova and Ukraine are now part of the EU's enlargement policy, and as such will be covered by 2023 enlargement package. However, currently financial assistance is ensured through the Neighbourhood, Development and International Cooperation Instrument. In addition, all three have reconfirmed their willingness to continue regional cooperation under the Eastern Partnership, complementing and supporting their accession process.

The Eastern Partnership (EaP) aims to reinforce the political association and economic integration of six Eastern European and South Caucasus partner countries. The Joint Communication of 18 March 2020 “*Eastern Partnership Policy beyond 2020: Reinforcing Resilience – an Eastern Partnership that delivers for*

² JOINT STAFF WORKING DOCUMENT “Recovery, resilience and reform: post 2020 Eastern Partnership priorities” SWD(2021) 186

³ REGULATION (EU) 2021/947 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU and repealing Regulation (EU) 2017/1601 and Council Regulation (EC, Euratom) No 480/2009

*all*⁴. and Council Conclusions of May 2020 set out a new vision for the partnership. It identified strengthening resilience as an overarching policy framework, with five long-term objectives:

- i) together for resilient, sustainable and integrated economies;
- ii) together for accountable institutions, the rule of law and security;
- iii) together towards environmental and climate resilience;
- iv) together for a resilient digital transformation; and
- v) together for resilient, fair and inclusive societies.

The Joint Staff working document of 2 July 2021 and its Economic and Investment plan are key documents guiding NIP implementation. Under this new agenda, the European Union aims for increased investment and proposes an **Economic and Investment plan** in order to support the partner countries' socio-economic recovery and 'building back better' by pursuing the green and digital transitions. Whilst Russia's unprovoked and unjustified war against Ukraine and the European perspective granted to the three associated countries have changed the geopolitical context fundamentally, the five priorities endorsed at the December 2021 Eastern Partnership Summit remain relevant. The Economic and Investment Plan in particular remains a crucial tool for delivering on them. It will mobilise EU funding to support the post-pandemic recovery and to transform the economies of the Eastern Partnership to make them more resilient and integrated leveraging additional private funding. The EU is committed – in partnership with European and International Finance Institutions – to promote investments and development initiatives that contribute to achieve inclusive growth and improve the living conditions of citizens. Moreover, actions to strengthen partnerships with the private sector should be promoted, and the use of innovative approaches, such as blending operations and financial instruments in the form of guarantees via the Neighbourhood Investment Platform, will be an essential way of leveraging additional resources and increasing the impact of the EU's aid should be fostered.

Internationally, this action is aligned with partner countries' efforts to implement a number of international agreements. It includes achieving the goals of the 2030 Agenda for Sustainable Development, implementing the 2015 Paris Agreement on Climate Change and the Sendai Framework for Disaster Risk Reduction.

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.

2.2. Problem Analysis

Short problem analysis

The Eastern Partnership region is facing governance, socio-economic, climate, environmental and energy challenges, many of which result from global trends and call for joint action by the EU and partner countries. 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.

Russia's war of aggression against Ukraine has caused enormous human suffering and massive damage to Ukraine's infrastructure. The war has forced millions of people into internal displacement or into fleeing abroad, thus impacting also other countries in the region. Early rebuilding and post-war reconstruction will represent an investment challenge at an unprecedented scale.

⁴ JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Eastern Partnership policy beyond 2020 Reinforcing Resilience - an Eastern Partnership that delivers for all

The current state of the legal/regulatory framework as well as the fragile public finance situation of many partner countries tend to limit both the private and the public sector's investment capacities and level of borrowing. Investments with a guaranteed financial return and/or immediate economic and political impact are favoured over investments of collective interest yielding economic returns on a much longer-term horizon.

It is crucial for EU relations with eastern partners that necessary financial support is provided in particular to public infrastructure investments and private sector development, mitigating the economic downturn and reducing adverse long-term impact of the COVID-19 pandemic. The NIP will continue contributing 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 beneficiary 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.

2.3. Lessons Learned

Allocations to the NIP from the Union's budget have reached since 2008 a total of EUR 3.5 billion, of which approximately EUR 1.5 billion for projects in the Eastern Neighbourhood. Additionally, EU Member States have contributed to the NIP Trust Fund with a total of EUR 87.75 million. This has enabled the launching of over 133 projects with NIP support. The NIP has succeeded in mobilising approximately EUR 31 billion of financing from European and International Financial Institutions since 2008, implying an average leverage ratio of more than 9 times for every euro provided by the NIP. Additional amounts have been mobilised from other public and private co-investors.

The success of the NIP as an instrument in the Eastern Partnership region 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 2016⁵ 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 operation;
- 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.

⁵ Evaluation of Blending – [Final Report \(December 2016\)](#)

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is, within the framework of the objectives of the Eastern Partnership Policy 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 Eastern 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 operations covered by the EFSD+ guarantee will be to reduce risks for implementing partners and/or other investors in order to increase investment capacity in the region and crowd in private sector investment.

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 EC'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
- EFSD+ ex-ante assessment discussing the most efficient ways of deploying budgetary guarantees and blending support in the period 2021-2027, based on an analysis of market failures and suboptimal investment situations.

Strategic objective 1: Establishing better and more sustainable energy and transport interconnections (between the Union and neighbouring countries and between the neighbouring countries themselves), improving energy efficiency and demand management, promoting the use of renewable energy sources, strengthening energy security through diversification of energy supplies and energy market integration, and supporting investments related to the implementation of the Union's agreements, including DCFTAs, as set out notably in the Association Agendas/Action Plans or other equivalent jointly agreed documents;

Strategic objective 2: Addressing climate change – adaptation and mitigation measures -, as well as environmental threats more broadly;

Strategic objective 3: Promoting smart, sustainable and inclusive growth through support to small and medium sized enterprises, to the social sector, including human capital development, and to municipal infrastructure development.

Priorities in the Neighbourhood East, including the new enlargement countries, have been further developed via a regional matrix (in appendix 1), organised along four key cooperation sectors: a) green 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.

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”; No9 “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 Neighbourhood. Projects in natural resources management will include water sanitation, particularly in rural area.

b) Transport, connectivity and municipal development

This domain will address the following SDGs: No 10 "Reduced inequalities"; No 11 "Sustainable cities and communities".

Investments in this sector aim to strengthen core transport links at regional, national and local level, promoting low carbon emission solutions that work for all, and giving access to qualitative local infrastructures. Cooperation in this sector also has the key finality of improving air, road, rail, inland waterway and maritime connections, and the usage that people and businesses can make of these connections. Sustainable and smart urban mobility should also be promoted. Actions should support safety, security, efficiency and inclusiveness in the transport sector, building on relevant EU and international standards, as well as the decarbonisation and digitalisation of the sector.

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 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. Supporting MSMEs will also be done in the optic of ensuring their contribution to the green transition, notably developing green value chains and creating high quality green jobs.

The NIP will prioritise projects that significantly contribute to achieving the Union’s policy objectives in the region. In the East sub-region, the NIP will prioritise the policy objectives set in the Joint Communication “*Eastern Partnership policy beyond 2020: Reinforcing resilience – an Eastern Partnership that delivers for all*” – and in the Economic Investment Plan. The country flagships identified in the Economic and Investment plan will be prioritised, including the projects contributing to priorities identified in Smart Specialisation Strategies adopted in each country.

d) Public sector

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

The domain includes all the topics addressing social impact, including social protection (protection or assistance systems); education (including TVET, secondary and higher education); sanitary (health) and; living conditions (affordable and green housing, urban residential rehabilitation).

The expected results of the NIP and of EFSD+ guarantees 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 natural environment & resources and enhanced resilience against natural and man-made disasters, in synergy with low-carbon development, notably:

- Better, more sustainable use of land (agricultural, forest etc.)
- Promote the implementation of nature-based solutions to address natural and man-made risks
- 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, i.e. Green Bonds, in line with the EU Taxonomy
- Progress towards the implementation of the Sendai Framework for Disaster Risk Reduction and strengthening of the disaster risk management of partner countries
-

c) Better and more sustainable transport infrastructures, notably:

- Increase of sustainable and smart mobility including active mobility
 - Better domestic and regional transport infrastructures, in line with the indicative TEN-T extension agreed in the EaP, with a high level of safety, security, efficiency and inclusiveness, building on relevant EU and international standards
 - Promotion of low-carbon emissions and smart solutions
- 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
- Better access to healthcare and improved health services infrastructures in both urban and rural areas
 - Improved vocational training facilities

3.2. Indicative Activities

This Action Document concerns the 2022 EU contribution to the NIP for the Eastern Neighbourhood amounting to EUR 76 036 471.08. This contribution includes funds from Eastern Neighbourhood regional and bilateral programmes as follows:

- An allocation of EUR 38.536.471,08 € from the regional multiannual indicative programme for the Eastern neighbourhood for the period 2021-2027 to the NIP, in order to support investments in line with the NIP strategic orientations;
- An allocation of EUR 25 000 000.00 from Georgia bilateral cooperation for investments in indicatively in energy, water, climate change, marine environment⁶, blue economy and private sector support.
- An allocation of EUR 4 500 000.00 from Armenia bilateral cooperation for investments in indicatively in energy, water, climate change and private sector support.
- An allocation of EUR 2 000 000.00 from Ukraine bilateral cooperation for investments indicatively related to the reconstruction efforts including in the housing, infrastructure, repairs and rehabilitation of public buildings, as well as to energy, water, climate change, marine environment⁷, blue economy and private sector support.
- An allocation of EUR 6 000 000.00 from Moldova bilateral cooperation for investments in indicatively in energy, water, climate change and private sector support.

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, in line with the principles outlined by the European Green Deal and its external dimension.

⁶ Bucharest Ministerial Declaration on the Common Maritime Agenda for the Black Sea - https://oceans-and-fisheries.ec.europa.eu/ocean/sea-basins/black-sea_en

⁷ Bucharest Ministerial Declaration on the Common Maritime Agenda for the Black Sea - https://oceans-and-fisheries.ec.europa.eu/ocean/sea-basins/black-sea_en

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

In the future, the deployment of EFSD+ guarantee schemes at regional or multi-regional level might require dedicated technical assistance to accompany the guarantees' implementation. Should the occasion arise, this Action shall provide the necessary funding for such technical assistance for the benefit of the Eastern Neighbourhood, subject to the favourable opinion of the EFSD+ Regional Operational Board.

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 of climate change on ecosystems and their services and biodiversity, for environmentally sensitive actions, in particular for major new infrastructure".

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality and empowerment of women and girls will be mainstreaming and integrated in the design of individual actions, whenever relevant, and will be included in the set of indicators accompanying each action.

The Gender Equality and Women's Empowerment in External Action 2021-2025⁸ 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").

Human Rights

Human Rights will be integrated in the design of individual actions, whenever relevant, and will be included in the set of indicators accompanying these actions.

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 in the design of individual actions, but will not be included in the sets of indicators accompanying these actions.

⁸ GAP III [JOIN\(2020\)17](#)

Democracy

Democracy will be integrated in the design of individual actions, whenever relevant, and will be included in the set of indicators accompanying these actions whenever relevant.

Conflict sensitivity, peace and resilience

Conflict sensitivity, peace and resilience will be integrated in the design of individual actions, whenever relevant, and will be included in the set of indicators accompanying these actions.

Disaster Risk Reduction

Disaster Risk Reduction 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 Assumptions

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1	External debt unsustainability in some countries	Moderate to high	Moderate to high	Regular monitoring in line with IMF guidelines and recommendations
2	Armed conflicts develops over an extended period of time and security conditions deteriorate further, impeding implementation of immediate response activities.	Moderate to high	Moderate to high	Adjust the activities under the Action to identify needs through an ongoing monitoring and maintain on stand-by the components that cannot be implemented until adequate conditions are in place.

External Assumptions

- 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.
- Partner countries are ready to increase the level of investments on their own resources as well as through loans.
- The pipelines of operations are of sufficient quality and volume and provide sufficient added value.
- Partner countries and other local beneficiaries are supportive to the projects prepared by the eligible Finance Institutions.

3.5. 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 and the conditions of EFSD+ guarantees. Each individual action will be accompanied by a set of indicators adapted the specificities of this action.

Strategic discussions with EU Member States, beneficiary countries and relevant regional organisations will take place. Financial Institutions will participate to the discussions as observers.

Logframes will be developed at action level under the Neighbourhood Investment Platform procedures.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with 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 264 months from the date of adoption by the Commission of this 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 measures⁹.

4.3.1. Indirect management with pillar assessed entities: Contribution to the Neighbourhood Investment Platform

The contribution to the Neighbourhood Investment Platform (a blending facility within the meaning of Article 159 of Regulation (EU, Euratom) 1046/2018) may be implemented under indirect management with the entities, called Lead Finance Institutions, listed below, whenever possible under the lead of the EIB, 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.

Once positively pillar-assessed, multilateral European finance institutions, finance institutions of EU Member States and non-EU finance institutions can request NIP funding for investment projects in the Neighbourhood region, either taking the lead in a project or as co-financing institutions in consortium with other eligible finance institutions

The following European Lead Finance Institutions are recognised as eligible to the extent they have fulfilled relevant conditions under the pillar assessment process:

- 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)
- Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO)
- Cassa depositi e prestiti S.p.A., (CDP)

⁹ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

- Bank Gospodarstwa Krajowego (BGK)

Proposals from other European Development Finance Institutions that have fulfilled relevant conditions under the pillar assessment process shall also be welcomed, in the spirit of Article 8(7) of the NDICI – Global Europe Regulation.

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).

4.4. 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)
Indirect Management: Contribution to Neighbourhood Investment Platform (East)	EUR 76 036 471.08
Totals	EUR 76 036 471.08

4.6. Organisational Set-up and Responsibilities

The NIP operates under the governance of the NDICI blending framework. Under the NDICI instrument, 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 4.2.1 – and possibly pooled with other forms of financial support, both from Member States and third parties.

The NIP is characterised by open and transparent project selection and decision making processes. The European Commission chairs the **NIP Board**, which draws members from the **European Commission** (EC), EU Member States and the **European External Action Service** (EEAS) as voting members, **and Implementing Partners, as observers.**

The **NIP Secretariat**, managed by DG NEAR, acts as the entry point for grant requests and follows up the entire assessment and decision-making process, involving different entities as needed. Implementing Partners interested in financing a NIP blending operation, individually or as a consortium, identify a project based on the partner country’s priorities and in dialogue with the **EU Delegation** and local partners in that country.

Eligible finance institutions then submit project concepts into a pipeline to the Regional Coordinators and NIP Secretariat which are regularly reviewed. Only projects that have been identified as priorities and are part of the pipeline can be proposed for funding. For this purpose a lead finance institution is designated to submit the proposal using a standardised **Project Application Form** and presents the project to the **Technical Assessment Meeting (TAM)**, a group chaired by the Commission and including all eligible finance institutions. Projects are assessed for their relevance and contribution to EU Neighbourhood policy objectives, to Action Plans agreed between the EU and the partner country, and to NIP strategic priorities and eligibility criteria.

The group also considers justifications for the NIP contribution request, how it adds value to the project per se. Lead finance institutions then present the mature requests for contribution to the NIP Board, which issues an opinion as to which projects will benefit from NIP funding.

Beneficiaries participate indirectly, via the project definition process in their exchange with the implementing partners in country and in cooperation with EU Delegations. Beneficiary countries are not invited to participate in the Board meetings

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 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 European Commission. Such meetings are held on 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 one of the Regional Operational Boards of the EFSD+, within the meaning of Article 34 of the NDICI – GE Regulation. It 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. 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 EUFI 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 Procedure, adopted by the Board itself on 27 November 2015, amended by the NIP Board meeting of 13 December 2018 and superseded by the Rules of Procedure for EFSD+ Regional Operational Boards, adopted at these Boards' joint meeting on 6 April 2022.

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 Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix of the project.

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).

5.2. Evaluation

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 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. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [*Communicating and raising EU visibility: Guidance for external actions*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. 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 communication on Team Europe Initiatives, the EU and its Member States can rely on the specific guidance on the Team Europe visual identity.