EUROPEAN
COMMISSION

Brussels, 23.10.2017
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COMMISSION IMPLEMENTING DECISION

of 23.10.2017

on the seventh complementary financing decision of the Neighbourhood Investment Facility to be financed from the general budget of the European 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 1605/2002[1], and in particular Article 84(2) thereof,

Whereas:

(1) The Commission has adopted the European Neighbourhood wide Annual Action Programmes that provide contributions to the financing of the Neighbourhood Investment Facility from the general budget of the European Union of 2016[2] and 2017[3]. Following the selection process foreseen in the Annual Action Programmes, some projects have been selected to be implemented.

(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 Invesment 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.

[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.

[3] Commission Implementing Decision C(2017)4638 of 6 July 2017 on the Neighbourhood Investment Facility (NIF) and the programme in Support to the Improvement in Governance and Management (SIGMA), part of the European Neighbourhood wide Action Programme 2017 to be financed from the general budget of the Union.

(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.

(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 of this Decision, is approved.

Budget-implementation tasks under indirect management may be entrusted to the entities identified in the Annex to this Decision, 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, 23.10.2017

For the Commission
Johannes HAHN
Member of the Commission

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Annex

to Commission Implementing Decision on the seventh complementary financing decision of the Neighbourhood Investment Facility to be financed from the general budget of the European Union

Title of the project	**Selected Entrusted Entity**	**Amount of EU Contribution**	From 2016 NIF Decision (indicative)	From 2017 NIF Decision (indicative)
East				
Belarus – E5P Expansion to Belarus	EBRD	10 200 000	4 013 851	6 186 149
Regional – EU DCFTA Facility, Programme Phase II	EBRD	38 900 000	38 900 000	
Moldova – Moldova – Romania Interconnection Phase I	EBRD	40 750 000		40 750 000
Armenia – Road Safety Improvement	EIB	5 413 000	5 413 000	
Moldova – Solid Waste, Southern Region	EIB	6 200 000		6 200 000
Regional East – EFSE Local Currency	KfW	43 750 000		43 750 000
Regional – fees and top up due on Eastern Partnership SME Finance Facility II	EIB	300 000[1]	300 000	
South				
Egypt – Fayoum Wastewater Expansion Programme	EBRD	38 088 000	38 088 000	
Regional – EIB component – EU Trade and Competitiveness	EIB	25 600 000	25 600 000	

[1] This project has already been approved by Commission Decisions No C(2014)5750 of 20 August 2014 and C(2014)9862 of 18 December 2014, to be amended by this Commission Decision. These fees and top up are payable to the lead financial institution involved, and no project fiche is attached.

program for Egypt and Jordan				
Egypt – Rehabilitation of Alexandria's RAML Tram	AFD	8 300 000	8 300 000	
Tunis – Programme de Relance des Investissements et de Modernisation des Exploitations Agricoles (PRIMEA)	AFD	10 300 000	10 300 000	
Regional – Extension of the Small Business Support Initiative to Lebanon, the West Bank and Gaza	EBRD	5 200 000	5 200 000	
Morocco – Euro-Mediterranean University of Fès	EIB	13 566 000	41 000	13 525 000
Palestine – Sustainable use of Natural Resources and Energy (SUNREF)	AFD	8 350 000		8 350 000

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Belarus – E5P Expansion to Belarus

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	21012 – public transport 231 – energy generation, distribution and efficiency 43030 – urban development
Partner country/region	Belarus
Lead FI	EBRD
Co-financiers	EIB, NEFCO, NIB, WB Group, KfW, CEB
EU contribution requested	EUR 10 200 000
Total cost of the project	EUR 113 000 000
Objectives to be fulfilled (main)	The objective of the Project is to use the EU contribution (as well as other donor's funds), to leverage International Financial Institutions' loans to boost investments for the energy efficiency and environment in the municipal sector of Belarus. Such investments will result in a reduction of carbon dioxide (CO_2), other greenhouse gases (GHG) emissions and other cross-border and local environmental benefits. Investments will be combined with a policy dialogue as well as regulatory and institutional reforms.
Foreseen results	It is expected that the Eastern Europe Energy Efficiency and Environment Partnership (E5P) grants of EUR 30 million (including the EU NIF contribution of EUR 10 million) will result in investments worth approximately EUR 113 million for municipal infrastructure in Belarus, in particular targeting improved energy and resource efficiency, but also water, wastewater, urban transport, street lighting and solid waste sectors.
Description of the activities	Overall, the E5P Fund in Belarus will support the following municipal sectors: • District Heating modernisation; • Water and wastewater treatment; • Energy efficiency in residential and public buildings; • Street lighting; • Solid Waste Management; • Urban transport; • Renewable energy (including biomass); • Local transport.
Location	Belarus
Duration i.e. implementation	3 years

period and indicative implementation timetable	Target date of signature of EU Delegation Agreement with Lead FI: • Q4 2017 Start of activities financed by the EU grant: • Q1 2018 End of activities financed by the EU grant: • Q4 2019 End of project activities: • Q4 2019
Justification/additionality of the EU grant	The E5P grants, including the EU contribution, will raise the economic competitiveness of the state owned companies by enhancing the sustainability and service quality of the public infrastructure through policy and regulatory reforms and the introduction of commercial solutions. Grant support, particularly in the municipal sector, will allow municipalities and utilities to meet high service or environmental standards while respecting affordability and sovereign debt constraints: • Environmental Standards: full cost recovery at desired standards (e.g., EU standards) would require tariffs to be set above accepted norms in relation to average incomes; • Affordability: irrespective of average fee ratios the municipality may not be capable of protecting low-income households while commercialising utilities; and • Sovereign debt constraints: facilitating implementation of important environmental projects under severe sovereign debt constraints.

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Regional – EU DCFTA Facility, Programme Phase II

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	24030 – formal sector financial intermediaries 24040 – informal/semi-formal financial intermediaries
Partner country/region	Georgia, Moldova, Ukraine
Lead FI	EBRD
Co-financiers	N/A
EU contribution requested	EUR 38 900 000
Total cost of the project	EUR 713 000 000
Objectives to be fulfilled (main)	The primary objective of the Programme is to support Deep and Comprehensive Free Trade Areas (DCFTA)-related priority improvements and investments in the SMEs operating in Georgia, Moldova and Ukraine following the signature of AA/DCFTAs in 2014. Specific objectives across the region include: • Increased number of investments that enable SMEs to respond to challenges and opportunities created by the DCFTA. • Improved availability and terms of long term funding for businesses in Georgia, Moldova and Ukraine. • Facilitated cross-border trade operations and domestic distribution. • SMEs provided with access to business advice in DCFTA priority areas. • Overall and sustained improvements in operating environment of local businesses through a number of targeted policy dialogue and institutional building activities with country authorities.
Foreseen results	The Programme will enhance SMEs' ability to implement DCFTA-related projects with investment grants and improved access to long term financing. Also the cross border trade and domestic distribution operations will be facilitated. The Programme will have a positive effect on employment as about 400 businesses are expected to be directly supported with long term funding and further 900 trade transactions benefiting from short term trade facilitation instruments. The companies concerned are estimated to employ approximately 16 000 full

	time staff. These jobs will directly benefit from more sustainable operations of their employers having access to fund investment and enhanced ability to engage in cross border trade. The Programme will also benefit greenhouse emissions reduction and generally environment compliance and mitigation as a large part of the investments will be directed towards implementing more energy efficient processes and machinery.
Description of the activities	The Programme will combine various components to address the challenges of SMEs and it will be implemented under 4 windows: • Window 1 will enhance SMEs' ability to implement DCFTA – related projects through: investment grants, technical assistance to SMEs and risk mitigation mechanisms for local financial institutions to improve access to long term financing for SMEs. • Window 2 will enhance short and medium term trade financing access for businesses to facilitate cross border trade and domestic distribution operations. • Window 3 will provide business advice for SMEs to enhance their technical, managerial, market knowledge and investment project development capacity. • Window 4 will include policy dialogue to improve domestic operating environment for SMEs.
Location	Georgia, Moldova, Ukraine
Duration i.e. implementation period and indicative implementation timetable	10 years Target date of signature of EU Delegation Agreement with Lead FI: • Q4 2017 Start of activities financed by the EU grant: • Q1 2018 End of activities financed by the EU grant : • Q4 2028 End of project activities: • Q4 2028
Justification/additionality of the EU grant	The Programme will provide support to the SME sector and to trade, thus contributing to economic growth and employment in Georgia, Moldova and Ukraine. The availability of longer term financing is crucial for implementing some of the necessary DCFTA related investment and the Programme will focus on achieving this objective. The EU contribution will incentivise SMEs to undertake DCFTA related investments and will support the ability of SMEs to prepare and formulate adequate investment plans, improve the risk-return profile of SME investment plans to the extent that the investments can be considered as feasible. EU contribution will therefore enhance the ability and willingness of PFIs to lend to SMEs. EU contribution, through dedicated risk-

	sharing mechanism, will also contribute to increase of the number and volume of SME lending and provide SMEs with longer term financing.

Moldova – Moldova – Romania Interconnection Phase I

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	23630 – electric power transmission and distribution
Partner country/region	Moldova
Lead FI	EBRD
Co-financiers	EIB, World Bank
EU contribution requested	EUR 40 750 000
Total cost of the project	EUR 270 000 000
Objectives to be fulfilled (main)	The main objectives of the Project are layout below: *1. Diversification of electricity sources and security of supply:* The Project aims at diversifying the sources of electricity supply in Moldova which is currently 80% dependent on imports from Ukraine and Transnistria to cover its electricity needs. At the same time, the Project will provide a new reliable and cost-effective source of electricity supply, since the Romanian market has a power excess which can be easily evacuated from the Dobrogea region where the interconnection is designed to offtake the power (Isaccea). *2. Energy Exchange:* The Project will foster opportunities to cross – border electricity trade not only between Moldova and Romania but in the South – East Europe region in general. Thus, having an interconnection between Moldova and Romania will facilitate power flows from Romania, Hungary, Bulgaria and Serbia to Moldova and Ukraine, and the vice-versa. *3. European Network of Transmission System Operators of Electricity (ENTSO-E) integration:* European integration is one of Moldova's priorities marked in its Energy Strategy for 2013-2030. At the power market level, European integration means synchronisation to the Western European ENTSO-E system. The interconnection will address Moldova's need for interconnections between the ENTSO-E and Integrated Power System/United Power System (IPS/UPS) electricity systems with the broader goal of joining ENTSO-E

	network in the long-term.
Foreseen results	The power interconnection Chisinau – Vulcanesti- Isaccea will enable the Republic of Moldova to diversify its electricity sources and integrate its power system to other European power systems through Romania. The project is the most feasible of the three interconnections planned to be built between Moldova and Romania in the next ten years.
Description of the activities	The project will cover the construction, equipment and placing into operation of: • a back-to-back substation in Vulcanesti to allow the connection between the electricity systems of Romania and Moldova, namely the ENTSO-E and the IPS/UPS) • a 400kV transmission line between Vulcanesti and Chisinau; • the extension of the substation in Chisinau in Moldova, • the extension of the Vulcanesti 400kV substation.
Location	Moldova
Duration i.e. implementation period and indicative implementation timetable	4 years Target date of signature of EU Delegation Agreement with Lead FI: • Q1 2018 Start of activities financed by the EU grant: • Q2 2018 End of activities financed by the EU grant: • Q2 2021 End of project activities: • Q4 2021
Justification/additionality of the EU grant	The NIF grant is crucial in the sense that it will allow for the end-user tariffs to increase to an acceptable level in line with the affordability of the Moldovan households which will be able to reap the full benefits of increased bargaining power and competition in the region. This, in turn will contribute to economic growth. Since the NIF contribution will close the funding gap and therewith make the overall program financially feasible, the Project will contribute to higher electricity availability and electricity security for the whole Moldovan population, which is the basis for economic development, thus creating employment opportunities and thereby alleviating poverty.

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Armenia – Road Safety Improvement

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	21020 – road transport
Partner country/region	Armenia
Lead FI	EIB
Co-financiers	N/A
EU contribution requested	EUR 5 413 000
Total cost of the project	EUR 22 910 000
Objectives to be fulfilled (main)	The project aims at reducing the rate of accidents, injury, and death associated with road transport, through physical improvement works as well as "soft measures". The project specific objectives are the following: • To improve road safety on selected sections and spots on the regional and interstate roads network; • To review Armenian road design standards and procedures to align with the principles of the EU road safety directive and international best practice on road safety; • To increase road safety audit capacity at key-planning/design institutions; • To increase road safety awareness and improving road users' behaviour, especially vulnerable road users.
Foreseen results	The project will increase the Armenian standards in the field of road safety. It will increase the national key-capacity to undertake safer road planning, design, awareness creation and enforcement, based on internationally recognised conventions, directives and principles.
Description of the activities	The project has five components: (i) Road safety measures on M6 interstate road; (ii) Road safety works and infrastructure improvements of 9 selected black spots on H-8 republican road and M-5 interstate road; (iii) Road safety works and infrastructure improvements of 15 selected blackspots on interstate road M-2, M-4, M-12, M-17;

	(iv) Road safety works and infrastructure improvements of additional identified blackspots; (v) Technical assistance: • road safety audit and inspections; • technical supervision; • roads safety auditors training; • review of Armenian road design standards to align the existing standards with EU standards and international best practice on road safety; • road safety campaign and education; • identification of future road safety investments.
Location	Armenia
Duration i.e. implementation period and indicative implementation timetable	4 years Target date of signature of EU Delegation Agreement with Lead FI • Q4 2017 Start of activities financed by the EU grant • Q1 2018 End of activities financed by the EU grant • Q4 2021
Justification/additionality of the EU grant	The safer road infrastructure implemented as part of the project, and future safer design as a result of better standards, capacity and procedures, will contribute to reduce the economic burden on the national economy, which has been assessed at 4% of GDP in the region (TRACECA 2014). The envisaged works may also lead to positive social and economic outcomes in the regions where project schemes are located. Without the NIF grant, the suggested and much needed road safety measures would not be affordable to the Republic of Armenia, due to ongoing budget consolidation efforts. The grant will enable the financing of these measures and allow the Republic of Armenia to achieve the related objective of improving road safety planning and standards.

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Moldova – Solid Waste, Southern Region

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	14050 - Waste management / disposal
Partner country/region	Moldova
Lead FI	EIB
Co-financiers	EBRD
EU contribution requested	EUR 6 200 000
Total cost of the project	EUR 18 400 000
Objectives to be fulfilled (main)	The National Waste Management Strategy sets the following general objectives for the period 2013-2027 to which the project will contribute: • Development of integrated municipal waste management systems by harmonising the legal, institutional and regulatory framework with the EU standards based on regional approach (geographical location, economic development, existing access roads, soil and hydrogeological conditions, size of population, etc.), and territorial division of the country into eight waste management regions; • Regional infrastructure development for solid household waste landfill and transfer stations; • Development of collection systems and treatment of specific waste flows (packaging, Waste Electrical & Electronic Equipment (WEEE), tires, batteries, etc.) by promoting and implementing the principle of "producer responsibility". One collection point at regional level shall be developed for hazardous waste (medical waste, waste oils, etc.).
Foreseen results	The project will provide tangible results for the population by: • reducing the adverse environmental, public health and climate impacts from uncollected waste and from the many existing sub-standard local dumpsites • expanding the coverage and increasing the efficiency of waste collection operations, including separate collection of recyclable materials and bio-waste, and • establishing regional waste treatment and disposal facilities with economies of scale.

	Moreover, the programme will realise long-term economic benefits through the reduction of unsustainable waste disposal and related reduction in the leachate and landfill gas emissions.
Description of the activities	The Moldova Solid Waste Programme (MSWP) is a EUR 200m investment programme aimed at implementing the Waste Management Strategy of the Republic of Moldova 2013-2027 (including the provisions of the new Law on Waste no. 209 of 29 July 2016). The Strategy includes the regionalisation of waste management into 8 waste management regions and the operation to be supported by the grant is the most mature sub-project of the MSWP and targets the region in the South of the country. The project has a total investment cost of about EUR 18m. Specifically, the project will comprise the following categories of investment: • Supply of waste collection and transport equipment • Transfer Stations • Sorting Facilities • Composting Facilities for Biological Treatment of Waste • Construction of a new landfill and closure of the existing dumpsite in Cahul This first project will be a pilot for the implementation of the whole programme and the seven other regions. The implementation, institutional and regulatory set-up will be designed and tested during this pilot phase in order to achieve a sustainable model.
Location	Moldova
Duration i.e. implementation period and indicative implementation timetable	4 years Target date of signature of EU Delegation Agreement with Lead FI: ➢ Q1 2018 Target date of signature of EU Financing Agreement with Beneficiary: ➢ Q1 2018 Start of activities financed by the EU grant: ➢ Q1 2018 End of activities financed by the EU grant: ➢ Q1 2022 End of project activities: ➢ Q1 2022
Justification/additionality of the	The grant will enable the investment to be sustainable through affordable tariffs. The existing tariff situation and the willingness

EU grant	to pay of consumers was taken into account as the basis for the grant rationale in order to arrive at the affordability level and thus determine the income stream and the associated level of grant financing needed to make the project both sustainable and reduce the adverse impacts of tariff increases to the extent possible.

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Regional East – EFSE Local Currency

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	24030 – Formal sector financial intermediaries 24040 – Informal / semi-formal financial intermediaries
Partner country/region	Regional East
Lead FI	KfW
Co-financiers	BMZ, KfW, EC, IFC, EIB, OeEB, EBRD,FMO, Republic of Albania, Swiss Government (SDC), Danish Government (DANIDA), Austrian Government (ADA), Central Bank of Armenia, Finance in Motion (FiM), BN&P, private investors
EU contribution requested	EUR 43 750 000
Total cost of the project	EUR 1 006 700 000
Objectives to be fulfilled (main)	Beside the main objective of providing lending in local currency the project generates several additional effects: • *Access to finance and job stability / creation:* The objective of the project is an increase in local banks' lending to micro and small enterprises and low-income households and thereby sustainably improving their access to finance. The ultimate objective of the project is to promote job stability / creation. • *Leveraging public and private capital (catalytic effect):* The EFSE's collaborative approach aims to generate an important demonstration effect and encourage other market players to participate in financing the MSE sector. • *Strengthen inclusion of local financial market:* Develop local financial markets following sustainable and market based principles, setting loan standards, reduce shortage of medium and long term financing, implementing rules of responsible finance. • *Collaboration and demonstration effect for engaged IFI Partners:* The project involves a strong collaboration among the IFI Partners. EFSE aims to harmonise loan approval standards and principles in financing the MSE sector by collaborative activities in the fund committees.
Foreseen results	The EFSE Fund contributes and will continue to contribute to the following results:

	1) Improved access to finance for local MSME in the region, 2) Reduced shortage of medium- and long term financing and local currency lending, 3) Strengthened financial intermediaries and enhanced MSME lending, 4) Fostered responsible finance principles in the region, 5) Further development of local financial markets on sustainable and market based principles.
Description of the activities	1. L Shares: local currency lending in EFSE EaP countries: The EFSE Fund will include a new structural element in its current capital structure. Beside the existing EFSE A, B and C Shares an additional new share class (L-Shares) will be implemented. These L Shares will act as dedicated share class to support local currency lending by providing an internal hedging mechanism for the resulting currency risk. The main goal of L Shares is to protect partner institutions as well as end-borrowers from the currency risk arising from lending in hard currencies such as the U.S. Dollar or Euro. The L Shares will be an additional mechanism used when other options for hedged local currency lending are limited or inexistent. 2. C Shares: EaP Regional C Shares for investments in the EFSE EaP countries: In order to further grow the EFSE's EaP countries portfolio with the help of local currency lending, additional C Shares will be introduced to refinance partner lending institutions in the EaP countries in order to make loans to micro and small enterprises and private households possible. In line with the Fund's waterfall structure, such C Shares would absorb any credit losses in the EaP countries first (pro rata to other available C Shares for such countries) and are therefore leverage other funds for investments in the EaP countries.
Location	Regional East
Duration i.e. implementation period and indicative implementation timetable	20 years Target date of signature of EU Delegation Agreement with Lead FI: ➢ Q1 2018 Start of activities financed by the EU grant: ➢ Q1 2018 End of activities financed by the EU grant: ➢ Q1 2038 End of project activities: ➢ Unlimited

Justification/additionality of the EU grant	The NIF contribution will be used as an additional investment of L and C Shares in EFSE Fund. The fund design is based on a risk subordination mechanism in order to leverage private investments with public financial resources. Due to the fact that the political and economic situation in the target region is getting worse since the inception of the Fund and the return on risk is too low, it is necessary to generate a higher risk cushion in terms of a first loss tranche to build more confidence for private and commercial investors. The EU contribution will lead to other economic benefits such as youth employment as well as capacity building by the financial intermediaries in relevant fields, such as risk management, sustainable development and particularly responsible finance principles.

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Egypt – Fayoum Wastewater Expansion Programme

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	14022 / Water and sanitation
Partner country/region	Egypt
Lead FI	EBRD
Co-financiers	EIB
EU contribution requested	EUR 38 088 000
Total cost of the project	EUR 455 600 000
Objectives to be fulfilled (main)	The objective of the project is to support the establishment and improvement of sanitation infrastructure and ensuring its proper operation in the deprived rural areas of the Fayoum Governorate, while enhancing the capacities of different stakeholders to rehabilitate and extend the sanitation network. More specifically the objective is to increase wastewater treatment capacity of the Fayoum Water and Wastewater Company, Improve operational systems and practices at local level and reduce pollution in Lake Qarun and improve living standards and public health population in the Fayoum Governorate. The Fayoum Governorate is located 90 km to the southwest of Cairo bordering Giza and Bani Swaif Governorates. It is further bordered to the north by Lake Qarun, which is the third largest lake in Egypt with a total surface area of 230 km^2. The existing sanitation service coverage in rural areas of Fayoum is 47.6 per cent of the population in the governorate (32.6 per cent of the rural population). The remaining rural communities are currently not connected to a centralised wastewater network; they are either dependent on ineffectual localised sanitation systems or lack systems altogether.
Foreseen results	The proposed investment programme will enable the Fayoum Company for Water and Wastewater (FAYC) to improve its sanitation service provision to around 940,000 inhabitants in the Fayoum governorate through (i) the construction of 8 new Wastewater Treatment Plans (WWTP)s; (ii) expansion of 9 and rehabilitation of 10 existing WWTPs; (iii) expansion of the sewerage network of 3,433 km of pipes together with the installation of 139 pumping stations; and (iv) purchase of 350 sewerage evacuation trucks to serve remote rural communities. The population that will benefit from improved sanitation services

	will be 940 000
Description of the activities	The key activities are the following: • *Increase of wastewater treatment capacity*: The Project will increase the FAYC's current treatment design capacity of 271 991 m^3 per day by an additional 197 000 m^3 per day. The FAYC, however, operates at only 63 per cent of their design capacity meaning that the Project will effectively increase the FAYC's actual treatment capacity by approximately 297 000 m3 per day. (NIF IG partially funded); • *Reduction of pollution in Lake Qarun and improvement of living standards and public health population in the Fayoum Governorate*: The Project will provide access to improved sanitation services to over 940,000 people in six rural districts in Fayoum, thereby raising sanitation coverage to 86 per cent of the rural population, from a current level of 32.6 per cent. Therefore, the Project will substantially contribute to the reduced pollution of Lake Qarun, alleviating environmental and public health hazards. This will positively affect health and key related economic opportunities in Fayoum, including fishing, fish-farming and tourism related activities, of the users of new or improved wastewater facilities in Fayoum. The Project thereby brings environmental benefits and mitigate the effect of climate change and other forms of environmental degradation, and will also increase the sustainable use of water resources by unlocking the potential for water reuse in agriculture. (partially funded by the NIF Investment Grant); • *Improve operational systems and practices at local level:* The Project will enhance the overall efficiency of the operations and improve the capacity and responsibility of the FAYC while promoting the decentralisation of wastewater management. This will be achieved through the establishment of a sophisticated KPI system in line with international standards and the development of the Financial and Operational Performance Improvement Plan ("**FOPIP**") and Corporate Development Plan ("**CDP**") to address non-revenue water issues, optimise costs, ensure proper maintenance of the WWTPs and improve revenue collections. Through its visibility measures and an awareness raising campaign, the Project will support enhanced awareness of public health and water scarcity. The Project also aims to achieve transfer and dispersion of skills through a Stakeholder Participation Programme ("**SPP**") which will focus on local development training (funded by the NIF TA).
Location	Egypt, Fayoum Governorate

Duration i.e. implementation period and indicative implementation timetable	7 years Date of signature of EU Delegation Agreement with Lead Financial Institution: ➢ Q4 2017 Start of Activities financed by EU grant: ➢ Q2 2018 End of Activities financed by of EU grant: ➢ Q2 2024
Justification/additionality of the EU grant	The Project will facilitate investments that will address urgent national and regional issues in the wastewater sector in the Fayoum Governorate by treating wastewater that is currently being discharged untreated or partially treated into agricultural drains and into Lake Qarun to European Union treatment standards, for the benefit of 960 000 people. The NIF grant investment contributes to improve the financing conditions of the Project - that will be financially sustainable as thanks to the grants, the Government of Egypt is expected to have sufficient payment capacity to service EBRD and EIB long term loans (18 years) and without imposing a hardship on the population in Fayoum.

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Regional – EU Trade and Competitiveness program for Egypt and Jordan (EIB 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, Jordan
Lead FI	EIB
Co-financiers	N/A
EU contribution requested	EUR 25 600 000
Total cost of the project	EUR 265 000 000
Objectives to be fulfilled (main)	The main objectives of the Programme are the following: 1. Providing wider access to finance for SMEs, in the form of a Risk Sharing Facility. This will enable local intermediary banks to take more risk and reach out to underserved segments of the economy. 2. Building capacity of financial intermediaries, final beneficiaries and authorities to support the implementation of the project. 3. Improving competitiveness of selected sectors and therefore prospects for trade. The Programme will enable SMEs to benefit from trade openness with the EU.
Foreseen results	The EIB Trade and Competitiveness Programme for Egypt and Jordan will provide targeted financial and technical support to SMEs in the countries concerned to overcome the identified obstacles and will focus the priority objective of access to finance via a Risk Sharing Facility, allowing access to finance for SMEs, with a focus on selected value chains. The Programme will blend EIB loans and EU grants, and achieve a considerable leverage effect with the purpose of providing access to finance to - and improving competitiveness of - local SMEs, ultimately allowing them to become more successful in the European market place. It will support the target countries in the development of value chains in particularly relevant sectors, such as the agri-food industry, manufacturing, services and others allowing them to

	offer attractive and EU-compliant products on the European market.
Description of the activities	The Programme will combine the following activities: 1. EIB Loan for Value Chains (EIB VC Loan): The EIB will provide long-term lending to financial intermediaries committing to on-lend EIB financing to eligible sub-borrowers along selected value chains (Final Beneficiaries). 2. Risk Sharing Facility (RSF): It will provide credit risk protection on a portfolio basis for the loans granted by Financial Intermediaries when on-lending EIB Loans for Value Chains. Risk sharing protection would be offered to Financial Intermediaries, in a form of a "first-loss piece". 3. Expert Support Facility (ESF): It will provide expert support to Final Beneficiaries and/or financial institutions to develop bankable efficiency investments and suitable financial products, respectively.
Location	Egypt, Jordan
Duration i.e. implementation period and indicative implementation timetable	Target date of signature of EU Delegation Agreement with Lead FI — 4Q 2017 Start of activities financed by the EU grant — 1Q 2018 End of activities financed by the EU grant — 2029 End of project activities — 2030
Justification/additionality of the EU grant	Private sector development is essential to create employment opportunities in both Egypt and Jordan. In this context, there is a need to improve access to finance for SMEs, which account for the vast majority of enterprises and generate a substantial proportion of jobs. The difficulties SMEs face in accessing external funding hampers the development of the private sector and the promotion of export-oriented and value-added activities, and therefore limits economic development and job creation. The proposed EU contribution will help alleviate access to finance constraints of SMEs through risk sharing and capacity building instruments which promote value-chain development, competitiveness and trade development activities, and this will in turn foster a dynamic and competitive private sector with higher paid jobs.

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Egypt – Rehabilitation of Alexandria's RAML Tram

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	21030 – Rail Transport
Partner country/region	Egypt
Lead FI	AFD
Co-financiers	NA
EU contribution requested	EUR 8 300 000
Total cost of the project	EUR 363 000 000
Objectives to be fulfilled (main)	The Tram rehabilitation project will thoroughly improve the quality of service and connectivity in the second most populous city of Egypt through (i) an extension to the south-west and a better connection with other modes; (ii) doubling commercial speed by simplifying the alignment and eliminating interactions with car traffic at critical intersections; (iii) improved comfort (new rolling stock with improved accessibility and increased capacity). Ultimately, the tramway is expected to carry more than 200 000 passengers per day on a total length of 13.8 km.
Foreseen results	The foreseen results are: • accompany Alexandria's move towards sustainable urban development, by facilitating mobility between the city centre, where economic activities and institutions are concentrated, and the densely populated north-eastern districts; • improve citizens' living conditions and economic performance due to the time and cost savings induced by reduced traffic congestion and improved road safety; • incentivize the population to use public transport, thereby leading to reductions in carbon dioxide emissions;
Description of the activities	The project includes the following main activities: *1/ Works* The works consist in the total rehabilitation of the Raml tram, as proposed in Egis Rail's feasibility study. The alignment between Raml and Victoria will be retained with some modifications. An extension is envisaged to the south-west by the creation of a new section of 0.9 km between Raml and Ahmed Orabi Square in the district of Mansheya, where an exchange terminal with the City

	Tram could be developed. 2/ *Technical Assistance and studies:* - *Engineering, Procurement and Construction Management (EPCM)*. These professional services will perform the preliminary and detailed engineering design of the project, assist NAT in the procurement process and supervise construction. - *Project management and technical support (PMTS).* A Project Management and Technical Support consultant will support NAT during project implementation and provide the National Authority for Tunnels (NAT) with tram technical knowledge and project management expertise as well as the additional necessary resources. - *Operation and maintenance support (OMS).* Having an Operation and Maintenance Support involved as early as possible in the project (ideally during design, realistically just before construction starts) is essential to guarantee that the rehabilitated Raml tram will be operated by a competent operator once construction is completed. - *Studies on the intermodality of the Raml Tram corridor and urban interaction project corridor*
Location	Egypt, Alexandria
Duration i.e. implementation period and indicative implementation timetable	7 years Date of signature of EU Delegation Agreement with Lead Financial Institution: ➢ Q4 2017 Start of Activities financed by EU grant: ➢ Q1 2018 End of Activities financed by of EU grant: ➢ Q4 2024
Justification/additionality of the EU grant	This Raml tram project will introduce European-style modern tram in Egypt and will be the first of the kind in the country. The NIF grant will finance technical assistance and studies essential to the project in particular regarding the detailed engineering, procurement and construction management components (EPCM) according to European quality standards. The NIF financing will also contribute to the Operation and maintenance support costs (OMS) that will support the set-up of an operator along international best practices to optimize the OPEX and maximise the efficiency, availability, performance of the system and the quality of service for the users. Finally, the NIF financed studies on intermodality and urban integration along the Raml tram project corridor will optimize the integration of the rehabilitated tram with all other modes adopting international best practices.

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Tunisie – Programme de Relance des Investissements et de Modernisation des Exploitations Agricoles (PRIMEA)

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	31120 – Agribusiness development
Partner country/region	Tunis
Lead FI	AFD
Co-financiers	NA
EU contribution requested	EUR 10 300 000
Total cost of the project	EUR 300 400 000
Objectives to be fulfilled (main)	Le Gouvernement tunisien s'inscrit dans une nouvelle dynamique de relance de l'investissement qui se traduit notamment par l'adoption récente d'un nouveau Code des Investissements, destiné à accentuer la contribution de l'Etat dans les différents secteurs de l'économie. Le projet PRIMEA a pour objectif d'appuyer l'Etat dans un effort additionnel, financier et non-financier, dirigé vers la relance de l'investissement agricole. Il couplera la mise à disposition de ressources financières additionnelles au profit de l'Etat et i) l'amélioration de l'efficience du dispositif d'octroi des primes, ii) la modernisation des exploitations agricoles au travers d'un dispositif d'accompagnement technico-économique performant et iii) des réformes structurelles nécessaires à la durabilité de ces investissements.
Foreseen results	Les résultats attendus du projet sont: • Améliorer l'accès des exploitations agricoles tunisiennes au financement de leurs investissements productifs, par un appui à la déclinaison agricole du Plan de Relance de l'Investissement en Tunisie; • Améliorer la qualité des projets de modernisation et la productivité des exploitations agricoles, au travers d'un dispositif de conseil technicoéconomique performant et massifié; • Améliorer l'environnement de l'investissement agricole en Tunisie, notamment pour une meilleure prise en compte du genre.
Description of the activities	Le PRIMEA est un programme, dont l'exécution se déroulera sur 5 ans, d'un montant de 300 400 000 EUR financé au travers d'un prêt de l'AFD de 60 000 000 EUR d'une subvention de l'AFD de 2 000 000 EUR, d'une subvention de l'UE de 10 000 000 EUR,

	d'une participation de l'Etat de 32 400 000 EUR et de la participation des bénéficiaires (exploitations agricoles) de 196 M€. Le PRIMEA se structure en 3 composantes dont une composante financée sous forme d'appui budgétaire et les composantes 2 et 3 sous forme d'aide-projet. i. Amélioration des performances et des capacités financières du dispositif public d'incitation à l'investissement agricole (Financement AFD – 60 000 000 EUR - appui budgétaire) ii. Mise à niveau et modernisation des exploitations et organisations professionnelles agricoles (financement UE – 10 000 000 EUR - aide- projet inclus dans cette décision) iii. Coordination, gestion et appui à la maîtrise d'ouvrage (financement AFD – 2 000 000 EUR - aide-projet)
Location	Tunis
Indicative duration i.e. implementation period and indicative implementation timetable	5 years Date of signature of EU Delegation Agreement with Lead Financial Institution: ➢ Q4 2017 Start of Activities financed by EU grant: ➢ Q1 2018 End of Activities financed by of EU grant: ➢ Q4 2022
Justification/additionality of the EU grant	La valeur ajoute / justification de la composante financé par la FIV (NIF contribution) est d'accompagner la structuration d'une offre nationale de conseil efficace pour appuyer les exploitants agricoles et leurs organisations professionnelles dans la concrétisation de leurs projets d'investissement. Il s'agit de passer à l'échelle le dispositif pilote ancré au niveau de l'Agence de Promotion des Investissements Agricoles (APIA), pour le structurer autour d'un pool d'environ 500 conseillers privés qui pourraient accompagner, en vitesse de croisière, environ 3 000 exploitations agricoles et 110 organisations professionnelles par an.

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Regional – Extension of Small Business Support Initiative to Lebanon, Gaza and West Bank

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	25010 – Business support services and institutions
Partner country/region	Lebanon and Palestine
Lead FI	EBRD
Co-financiers	NA
EU contribution requested	EUR 5 200 000
Total cost of the project	EUR 6 200 000
Objectives to be fulfilled (main)	The Project has as objective to support SMEs development in Lebanon, the West Bank and Gaza – and is built on the notion that smaller businesses need to receive adequate consultancy and know-how expertise and finance to develop and grow.
Foreseen results	The expected results are the following: • Enhanced performance of assisted SMEs by providing business advice and industry expertise through engaging local consultants and international advisers (as seen by increased productivity and sales, increased employment, increased exports and new foreign contracts, new production lines and technologies, etc.) • Improved access to finance for SMEs by preparing companies for investment, whether by the EBRD, other IFIs or local banks, and by providing advisory services to SMEs receiving finance (as seen by number of companies raising external finance and investments); • Contributing to a sustainable infrastructure of local advisory services (as seen by increased supply, broadened range and improved quality of advisory services, increased consolidation of the industry).
Description of the activities	The Project will combine direct assistance to the private sector at the enterprise level with systemic market development and capacity building interventions, such as training for SMEs and local consultants and dissemination of market economy best practices. The activities of the Project are is built on the notion that SMEs need know-how and finance to develop and grow and is designed to assist SMEs across a broad range of sectors in Lebanon, the West Bank and Gaza, in enhancing their competitiveness and ability to attract external financing. SMEs will be connected to business advice through local consultants or

	international industry advisers. Assisted enterprises with investment needs will then be referred to link to SME finance facilities. To ensure market sustainability, the Project will also support efforts in developing the quality and availability of advisory services in the local market to help ensure a market for business advice that will thrive long after these activities are completed.
Location	Lebanon and Palestine (West Bank and Gaza)
Duration i.e. implementation period and indicative implementation timetable	3 years Date of signature of EU Delegation Agreement with Lead Financial Institution: ➢ Q4 2017/Q1 2018 Start of Activities financed by EU grant: ➢ Q1 2018 End of Activities financed by of EU grant: ➢ Q4 2020
Justification/additionality of the EU grant	The NIF contribution will facilitate assisted enterprises to present robust business development plans for getting access to finance. The Project will also help to identify and disseminate in the region market studies best practices, and support the competences of consultants and SMEs, thus contributing to dynamise private sector and trade development opportunities in the region.

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Morocco – Euro-Mediterranean University of Fès

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	11420 – Higher Education
Partner country/region	Morocco
Lead FI	EIB
Co-financiers	NA
EU contribution requested	EUR 13 560 000
Total cost of the project	EUR 147 300 000
Objectives to be fulfilled (main)	Le Projet a pour objectif de contribuer à la construction d'un éco-campus à Fès : l'Université Euro-Méditerranéenne de Fès (UEMF) en vue de la création d'une nouvelle université qui comprendra des installations dédiées à la recherche, des bâtiments d'enseignement, des locaux pour la gestion administrative, des installations sportives. L'UEMF a été établie en novembre 2012 sous forme d'une association à but non lucratif donc de droit privé mais qui est reconnue d'utilité publique.
Foreseen results	L'UEMF exprime la volonté du Maroc de créer un cadre académique de dialogue interculturel, d'échange et de coopération entre le Nord et le Sud de la Méditerranée. Le projet contribuera à créer 6600 places d'étudiants dans l'enseignement supérieur à long-terme et 200 postes de recherche. Le volet académique de l'UEMF est structuré en deux grands Pôles de formation: le Pôle "Génie" (ingénierie et architecture) et le Pôle "Sciences Humaines et Sociales. En plus, l'UEMF va à adopter tant pour son éco-campus que pour ses programmes de formation et de la recherche le développement durable parmi ses principes de base et consacrera plusieurs de ses programmes de formation et de recherche aux technologies propres. Finalement, les activités de recherche et de développement de l'université profiteront dans la plupart des cas au développement du monde socio-économique à travers des contrats de recherche et de développement d'activités nouvelles par l'intermédiaire de son centre de valorisation, de transfert, d'innovation et d'insertion professionnelle.

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Description of the activities	Construction des locaux et l'équipement de l'UEMF qui est construit en adoptant une démarche environnementale (éco-campus). Cette démarche s'inspire du management et des procédés de type Haute Qualité Environnementale (HQE) en France dans le cadre des directives de l'UE. Mais au-delà de l'application stricte d'une certification internationale, le projet s'attache à développer un très haut degré de confort des utilisateurs et une minimisation des impacts environnementaux du projet. En d'autres termes, il reprend des pratiques et recommandations environnementales de différentes certifications mais appliquées et revues au filtre des spécificités du projet et du lieu.
Location	Maroc, Fès
Duration i.e. implementation period and indicative implementation timetable	4 years Date of signature of EU Delegation Agreement with Lead Financial Institution: ➢ Q4 2017 Start of Activities financed by EU grant: ➢ Q1 2018 End of Activities financed by of EU grant: ➢ Q4 2021
Justification/additionality of the EU grant	La contribution de la FIV permettra d'améliorer les conditions de financement pour la création de cette nouvelle institution académique - qui est co-développée en partenariats avec plusieurs institutions d'enseignement supérieur et de recherche dans l'espace Euro-Méditerranéen - en vue d'offrir des formations conformes aux standards européens et des diplômes reconnus officiellement en Europe, de conduire une recherche de pointe et d'œuvrer en faveur d'un rapprochement économique, social et culturel des deux rives de la Méditerranée. En particulier la contribution de la FIV au Projet permettra d'affermir et d'accroitre sa politique de bourse (20% des étudiants), l'accès des étudiants méritants et issus de de familles à revenus modestes.

Annex to the 7th complementary financing decision of the Neighbourhood Investment Facility

Palestine – Sustainable use of Natural Resources and Energy (SUNREF)

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	23183 – Energy efficiency 23210 – Renewable energy 240 – Banking and financial services
Partner country/region	Palestine
Lead FI	AFD
Co-financiers	NA
EU contribution requested	EUR 8 350 000
Total cost of the project	EUR 42 100 000
Objectives to be fulfilled (main)	The SUNREF credit facility's main objective is to support the transition of the Palestinian enterprises towards a 'Green' economy. Public companies operating under the market rules are also eligible. Its three key objectives are: • To create and mature a market for 'Green' investments reinforcing services and technologies with a positive environment/ climate impact in line with the strategic objectives of the EU Joint Programming and national policy objectives. • to improve capacity of local banks to appraise and finance 'Green' projects by providing medium to long-term funding, grant and technical assistance. • to raise public awareness for 'Green' projects among enterprises and individuals on inherent financial benefits and security of supply thereby stimulating innovation and development.
Foreseen results	The main expected results are the following: • Improving competitiveness of the private sector in Palestine regarding identification, development and financing of energy efficiency and renewable energy projects providing technical and financial support tailored to the specificities of 'Green' investments. • Raise public awareness for 'Green' projects among private sector entities and individuals underlining inherent financial benefits and security of supply. • Stimulate the productivity of the Palestinian private sector regarding services and technologies with a positive impact on the environment/ climate.
Description of the activities	*1/ "Create a market for 'Green' investments"*

	The Programme will mobilise credit lines for SMEs to contribute to the emergence of a renewable energy and energy efficiency market through the training of banks and sponsors on how to prepare and appraise sustainable energy projects. Combined with the premium on investment the individual investment should respond to the following criteria as contributors to: • An increased productivity in industrial sector, • An increased energy productivity of the economy, • Reduction of the environmental and social negative impacts and costs, • An economic benefit of energy savings based on EE measures, • New investments in sustainable technologies. *2/ "TA to improve the capacity of the enterprises, households and local banks in Palestine to promote green-field investments"* *3/ Raise public awareness for 'Green' projects among private sector entities and individuals."*
Location	Palestine (West Bank and Gaza)
Duration i.e. implementation period and indicative implementation timetable	4 years Date of signature of EU Delegation Agreement with Lead Financial Institution: ➢ Q4 2017/Q1 2018 Start of Activities financed by EU grant: ➢ Q1 2018 End of Activities financed by of EU grant: ➢ Q4 2021
Justification/additionality of the EU grant	It is the combination of the financing tools (subsidized loan and investment grant) makes the SUNREF programme attractive for SME's and partner banks. The additional value added of the EU contribution is twofold: (i) The premium on investment upon successful implementation of the project will be dedicated to reduce the cost of loan repayment for the final beneficiaries and to reduce the risks associated with green investments and bore by beneficiaries and banks; (ii) The TA will improve the project quality by addressing specific barriers to financing projects developed by project developers, especially SMEs, such as: lack of information on available technologies and adaptation to climate change actions, lack of skills and planning capabilities and lack of capacity for project development and implementation. The TA will also be used for capacity building of the banks and to coordinate with other initiatives to ensure higher impact and sustainability of the green financing in the targeted markets.