



EN

THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX I

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Neighbourhood Investment Platform (NIP) – 2023 East

Action Document for Neighbourhood Investment Platform (NIP) – 2023 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) – 2023 East Financing of the annual action plan in favour of the Neighbourhood Investment Platform (NIP) – 2023 East OPSYS business reference: ACT-61877 ABAC Commitment level 1 number: JAD.1219823 and JAD.1312412 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Economic and Investment Plan (EIP)	Yes Transport, Energy, Environment and climate resilience, digital, economic development
3. EIP Flagship	Yes
4. Team Europe Initiative	No
5. Beneficiar(y)/(ies) of the action	The action shall be carried out in Eastern Partnership Region: Armenia, Azerbaijan, Belarus ¹ , Georgia, Republic of Moldova, and Ukraine.

¹ In line with the Council Conclusions of 12 October 2020 and in light of Belarus’s involvement in the Russian military aggression against Ukraine, recognized in the European Council Conclusions of February 2022, the EU has stopped engaging with representatives of Belarus public bodies and state-owned enterprises. Council Decision 2012/642/CFSP and Council Regulation (EC) No 765/2006 concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine moreover explicitly prohibits loan arrangements with the Belarusian Government, its public bodies, corporations or agencies or to public financing or financial assistance for trade with, or investment in, Belarus (Articles 1k, 1n and 1t of Council Regulation (EC) No 765/2006).

Should the current situation and context change, all those measures might be reassessed. For the time being, the EU continues to support non-state, local and regional actors, including within the framework of this Action as appropriate. The action keeps a certain level of geographical flexibility, allowing activities supporting the people of Belarus to be carried out in Belarus, Eastern Partnership countries and EU Member States.

6. Programming document	Multiannual indicative programme for the Eastern neighbourhood 2021-2027 ²			
7. 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				
8. Priority Area(s), sectors	1: Resilient, sustainable and integrated economies 3: Environmental and climate resilience 4: Resilient digital transformation			
9. 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 5 – Gender equality and women’s empowerment 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			
10. 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 %			
11. Main Delivery Channel @	42000/42004 – EIB – European Investment Bank 46000 – Regional Development Bank 46015 - EBRD - European Bank for Reconstruction and Development 11003 – Public corporations (donor country – EU MS) 11004 – Other public entities in donor country (EU MS)			
12. 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			
13. 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"/>

² C(2021)9370 final - Multiannual indicative programme for the Eastern neighbourhood for the period 2021-2027

	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 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"/>
14. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	EIP	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	EIP Flagship	YES <input checked="" type="checkbox"/>		NO <input type="checkbox"/>
	Tags	YES		NO
	transport	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	energy	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	environment, climate resilience	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	digital	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	economic development (incl. private sector, trade and macroeconomic support)	<input checked="" type="checkbox"/>		<input type="checkbox"/>
	human development (incl. human capital and youth)	<input type="checkbox"/>		<input checked="" type="checkbox"/>
health resilience	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
migration and mobility	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
other	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
	Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tags	YES		NO
digital connectivity	<input checked="" type="checkbox"/>		<input type="checkbox"/>	
digital governance	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
digital entrepreneurship	<input checked="" type="checkbox"/>		<input type="checkbox"/>	
digital skills/literacy	<input checked="" type="checkbox"/>		<input type="checkbox"/>	
digital services	<input checked="" type="checkbox"/>		<input type="checkbox"/>	

Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags	YES		NO
digital connectivity	<input checked="" type="checkbox"/>		<input type="checkbox"/>
energy	<input checked="" type="checkbox"/>		<input type="checkbox"/>
transport	<input checked="" type="checkbox"/>		<input type="checkbox"/>
health	<input type="checkbox"/>		<input checked="" type="checkbox"/>
education and research	<input type="checkbox"/>		<input checked="" 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			
15. Amounts concerned	Budget line(s) (article, item): 14.020111 Total estimated cost: EUR 121 750 000.00. Total amount of EU budget contribution EUR 121 750 000.00.		
MANAGEMENT AND IMPLEMENTATION			
16. Implementation modalities (management mode and delivery methods)	<u>Indirect management</u> 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.		

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)³ 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 gender equality; social and private sector and micro, small, and medium size enterprises (MSMEs) development in Eastern Partner Countries, **as identified in the EIP.**

³ JOINT STAFF WORKING DOCUMENT “Recovery, resilience and reform: post 2020 Eastern Partnership priorities” SWD(2021) 186

1.3. Beneficiar(y)/(ies) of the action

The Action shall be carried out in the Eastern Partnership region out of which Armenia, Azerbaijan, Belarus⁴, Georgia, Republic of Moldova, Ukraine are all included in the list of ODA recipients.

2. RATIONALE

2.1. Context

In accordance with Regulation (EU) No 947/2021⁵ 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*

⁴ In line with the Council Conclusions of 12 October 2020 and in light of Belarus's involvement in the Russian military aggression against Ukraine, recognised in the European Council Conclusions of February 2022, the EU has stopped engaging with representatives of Belarus public bodies and state-owned enterprises. Council Decision 2012/642/CFSP and Council Regulation (EC) No 765/2006 concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine moreover explicitly prohibits loan arrangements with the Belarusian Government, its public bodies, corporations, or agencies or to public financing or financial assistance for trade with, or investment in, Belarus (Articles 1k, 1n and 1t of Council Regulation (EC) No 765/2006). Should the current situation and context change, all those measures might be reassessed. For the time being, the EU continues to support non-state, local and regional actors, including within the framework of this Action as appropriate. The action keeps a certain level of geographical flexibility, allowing activities supporting the people of Belarus to be carried out in Belarus, Eastern Partnership countries and EU Member States.

⁵ 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”⁶. 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 and the [Convention on the Elimination of All Forms of Discrimination against Women](#) (CEDAW), 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 challenging public finance situation, aggravated by the consequences of the COVID-19 pandemic and tight fiscal space of some partner countries tend to limit both the private and public sector’s investment capacities and level of borrowing. Furthermore, investment activity has been negatively affected by the significant increase in the price of borrowing (on both domestic and international markets) as central banks worldwide tightened considerably their monetary policy stance in order to restrain inflation.

Russia’s war of aggression against Ukraine has caused enormous human suffering and massive damage to Ukraine’s infrastructure and triggered an unprecedented humanitarian and environmental crisis in the country, with shockwaves reverberating across the region. The war has forced millions of people into internal displacement or into fleeing abroad, thus impacting also other countries in the region (notably Georgia and

⁶ 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

Moldova), further exacerbating their fragility. Early rebuilding and post-war reconstruction will represent an investment challenge at an unprecedented scale.

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 in order to ensure sustainable long-term economic growth that will lead to faster income convergence of these countries towards the EU but will also help address the negative shocks arising from Russia's war of aggression against Ukraine worsened by Russia's war of aggression against Ukraine. The NIP will continue contributing to the efforts to get back to a normal functioning of societies and economies and to sustainable growth, integrating as a priority the transition towards green economies and societies 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 2014 a total of EUR 3 billion, of which approximately EUR 1.2 billion for projects in the Eastern Partnership region. This has enabled the launching of over 183 projects with NIP support, including 85 in the Eastern Partnership region. The NIP has succeeded in mobilising approximately EUR 24 billion of financing from European and International Financial Institutions since 2014, implying an average leverage of ratio of 8 times for every euro provided by the NIP. Additional amounts have been mobilised from other public and private co-investors reaching a total mobilisation of 36 billion (13 billion in the Eastern Partnership).

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 2016⁷ 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.

⁷ Evaluation of Blending – [Final Report \(December 2016\)](#)

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The Overall Objective(s)/Impact(s) of this action is to:

1. contribute to achieve the Sustainable Development Goals (SDGs), thus creating sustainable jobs, focusing on promoting additional investments in sustainable infrastructure in transport, energy, environment, digital contributing to mitigation and adaptation to climate change, and addressing some root causes of migration.
2. 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.

The Specific Objective(s) (Outcomes) of this action are to

1. Establish better and more sustainable energy and transport interconnections (between the Union and neighbouring countries and between countries themselves), improving energy efficiency and demand management, strengthening energy security through systematically promoting the use of renewable energy sources, 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;

2. Address climate change – adaptation and mitigation measures -, as well as environmental threats more broadly, including potential threats faced by the Ukrainian population due to the on-going conflict;
3. Promote smart, sustainable and inclusive growth through support to small and medium sized enterprises, to the social sector, including human capital development and gender equality, 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.

3.2. Indicative Activities

This Action Document concerns the 2023 EU contribution to the NIP for the Eastern Neighbourhood amounting to EUR 121 750 000.00. This contribution includes funds from Eastern Neighbourhood regional and bilateral programmes as follows:

- An allocation of EUR 40 000 000.00 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 15 000 000.00 from **Georgia** bilateral cooperation for investments indicatively in energy, digital, water, climate change, pollution, marine environment⁸, blue economy and private sector support.
- An allocation of EUR 6 750 000.00 from **Armenia** bilateral cooperation for investments indicatively in energy, digital, water, climate change and private sector support.
- An allocation of EUR 25 000 000.00 from **Ukraine** bilateral cooperation for investments indicatively related to the reconstruction efforts including in housing, infrastructure, repairs and rehabilitation of public buildings, as well as to energy, digital water, climate change, pollution, marine environment⁹, blue economy and private sector support.
- An allocation of EUR 10 000 000.00 from **Moldova** bilateral cooperation for investments indicatively in energy, digital, water, climate change, pollution, aquatic environment¹⁰, blue economy and private sector support.
- An allocation of EUR 5 000 000.00 from **Belarus**¹¹ bilateral cooperation for investments indicatively in energy, digital, water, climate change, support to Belarus businesses in exile and private sector.

⁸ 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

⁹ 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

¹⁰ 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

¹¹ In line with the Council Conclusions of 12 October 2020 and in light of Belarus's involvement in the Russian military aggression against Ukraine, recognised in the European Council Conclusions of February 2022, the EU has stopped engaging with representatives of Belarus public bodies and state-owned enterprises. Council Decision 2012/642/CFSP and Council Regulation (EC) No 765/2006 concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine moreover explicitly prohibits loan arrangements with the Belarusian Government, its public bodies, corporations or agencies or to public financing or financial assistance for trade with, or investment in, Belarus (Articles 1k, 1n and 1t of Council Regulation (EC) No 765/2006).

Should the current situation and context change, all those measures might be reassessed. For the time being, the EU continues to support non-state, local and regional actors, including within the framework of this Action as appropriate.

- An allocation of EUR 20 000 000.00¹² for Armenia-Azerbaijan joint connectivity projects.

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. Support will focus on renewable energy sector and energy efficiency as well as investment in infrastructure in order to enhance access to energy. The activity could be in a position to consider support for gas projects **only** if they are a last-resort option with **no** economically viable alternatives based on renewables, strictly necessary to achieve the objectives of the NDICI - Global Europe and if they are accompanied by appropriate measures to avoid, prevent, reduce and offset harmful effects. The 'do no significant harm' principle as defined in art. 17 of the Taxonomy Regulation (EU) 2020/852 will be applied throughout the whole activity, including project selection and implementation.

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

Outcomes of the Strategic Environmental Assessment (SEA) screening

N/A

Outcomes of the Environmental Impact Assessment (EIA) screening

N/A

Outcome of the Climate Risk Assessment (CRA) screening

N/A

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 mainstreamed and integrated in the design of individual actions and will be included in the set of indicators accompanying each action.

¹² The amount is earmarked for one or several joint projects in support of the ongoing Armenia-Azerbaijan peace negotiation. Should the political conditions not be in place by end June 2024 for such joint project, the funds may be used for other projects in the Eastern Partnership region. The June 2024 cut-off date is set having in mind that this amount will need to be contracted before 31/12/2024 and that sufficient lead-time is required to allocate and contract the funds.

The EU Gender Action Plan III 2021-2025¹³ 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 and women’s empowerment”).

Human Rights

Human Rights will be integrated in the design of individual actions 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.

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	The war in Ukraine continues and security conditions deteriorate further, impeding implementation of immediate response activities.	UA: High Rest of the region: Moderate to high	UA: High Rest of the region: 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.

¹³ GAP III [JOIN\(2020\)17](#)

3	Limited administrative capacity in some countries	Moderate	Moderate	Activities will be supported by technical assistance when local administrative institutions need support
4	Activities in some target countries circumventing the EU sanction against Russia and Belarus	Moderate	Moderate	Monitoring, awareness-raising and remedial actions, as appropriate
5	Over-reliance of partner countries and international financial institutions on NIP funding	Moderate	Moderate	Elaborate sustainability plans and exit strategies for all the programmes funded

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. Special attention will be given to the development of the situation in Ukraine.
- 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, including the requirement of sex and age disaggregation whenever relevant. 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.

3.6. Indicative Logical Framework Matrix

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 the partner country.

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 where a financing agreement is concluded.

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

4.3.1. Contribution to Neighbourhood Investment Platform

This contribution may be implemented under indirect management with the pillar-assessed entities, called Lead Finance Institutions, identified in the appendix to this Action Document.

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.

This action shall be implemented in indirect management with pillar-assessed entities, the project proposal presented will be selected by the Commission’s services using the following criteria:

- relevance and contribution to EU Neighbourhood policy objectives;
- relevance and contribution to Action Plans agreed between the EU and the partner country;
- relevance and contribution to NIP strategic priorities;
- adherence to the eligibility criteria;
- added value to the project in question.

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 realization 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) 2023	EUR 121 750 000.00
Totals	EUR 121 750 000.00

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 includes representatives from the **European Commission** (EC) services, EU Member States and the **European External Action Service** (EEAS) as voting members, **and Implementing Partners, as observers.**

The **NIP Secretariat**, managed by the Commission, 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, involving relevant Commission services in project selection.

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. EUFI's 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.

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, including in terms of gender equality, 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).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

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

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via implementing partners. 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 case an evaluation is not planned, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

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.

Evaluation services may be contracted under a framework contract.

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.

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 the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. 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.

Appendix: List Lead Finance Institutions

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)
- 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).