



Brussels, 6.7.2017
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COMMISSION IMPLEMENTING DECISION

of 6.7.2017

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

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THE EUROPEAN COMMISSION,

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

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

Having regard to Regulation of the European Parliament and of the Council (EU) No 236/2014 establishing common implementing rules and procedures for the implementation of the Union's instruments for external action², and in particular Article 2(1) thereof,

Whereas:

- (1) The Commission has adopted the '*European Neighbourhood – wide measures*' Priorities (2014-2020) document³ and the Multiannual Indicative Programme (2014-2017) which indicates as priority 1 "Building a partnership for inclusive economic development and integration" that includes support to investment and social and private sector development and makes reference to the Neighbourhood Investment Facility (NIF).
- (2) The objectives pursued by the European Neighbourhood wide measures programme to be financed under the European Neighbourhood Instrument⁴ are 1) the Technical Assistance and Information Exchange Programme (TAIEX): to provide EU expertise to European Neighbourhood partner countries to achieve their progressive integration into the Union internal market and enhanced sector and cross-sectorial co-operation including through legislative approximation and regulatory convergence towards Union and other relevant international standards and related institutional building; 2) the Support for the Improvement in Governance and Management Programme (SIGMA): to support European Neighbourhood partner countries to make significant progress in their public governance reforms by enhancing the capacity of the public administration and transfer of know-how and best-practices to reinforce horizontal systems of public governance through provision of high level European public expertise; and 3) the NIF: to facilitate additional investments in infrastructure in transport, energy, environment, with a particular focus on climate change mitigation

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 77, 15.3.2014, p. 95.

³ C(2014) 5196.

⁴ Regulation of the European Parliament and of the Council establishing a European Neighbourhood Instrument, OJ L 77, 15.3.2014, p. 27.

and adaptation, and to support social and private sector development in the European Neighbourhood Partner Countries.

- (3) It is necessary to adopt a financing Decision, the detailed rules of which are set out in Article 94 of the Commission Delegated Regulation (EU) no 1268/2012⁵.
- (4) The Commission will only entrust budget implementation tasks to Lead Finance Institutions. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds. The European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Council of Europe Development Bank (CEB), the Nordic Investment Bank (NIB), the Nordic Environment Finance Corporation (NEFCO), the Agence Française de Développement (AFD), the Kreditanstalt für Wiederaufbau (KfW), the Italian Società Italiana per le Imprese all'Estero (SIMEST) and Cassa depositi e prestiti S.p.A., (CDP)⁶ 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.
- (5) The Commission may entrust budget-implementation tasks under indirect management to the partner country specified in this Decision, subject to the conclusion of a financing agreement. In accordance with Article 60(1)(c) of Regulation (EU, Euratom) No 966/2012, the responsible authorising officer needs to ensure that measures are taken to supervise and support the implementation of the entrusted tasks to the partner country. A description of these measures and the entrusted tasks should be laid down in the Annexes.
- (6) 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.
- (7) Pursuant to Article 94(4) of the Delegated Regulation (EU) No 1268/2012, any substantial change to a financing Decision that has already been adopted should follow the same procedure as the initial Decision. It is therefore appropriate that the Commission defines the changes to this Decision that are considered non-substantial in order to ensure that any such changes can be adopted by the authorizing officer responsible.
- (8) The measures provided for in this Decision are in accordance with the opinion of the European Neighbourhood Instrument Committee set up by the basic act referred to in ENI Regulation⁷,

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the measure

The following action programme, as set out in the Annexes, is adopted:

⁵ OJ L 362, 31.12.2012, p. 1.

⁶ Subject to the approval of the NIF Board.

⁷ OJ L 77, 15.3.2014, p. 27.

- Annex 1 – Action document for the contribution from the 2017 general budget of the European Union to the Neighbourhood Investment Facility (NIF).
- Annex 2 – Action document for the contribution from the 2017 general budget of the European Union to the programme in Support to the Improvement in Governance and Management (SIGMA).

Article 2

Financial contribution

The maximum contribution of the European Union authorised by this Decision for the implementation of this action programme referred to in Article 1 is set at EUR 359,500,000 to be financed as follows:

- EUR 221,500,000 from budget line 22.04.01.02,
- EUR 18,000,000 from budget line 22.04.01.04 and
- EUR 120,000,000 from budget line 22.04.02.02

of the general budget of the Union for 2017.

The financial contribution provided for in first paragraph may also cover interest for late payment.

Article 3

Implementation modalities

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

Section 4 of the Annexes referred to in the second paragraph of Article 1 sets out the elements required by Article 94(2) of Delegated Regulation (EU) No 1268/2012.

Article 4

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 responsible authorising officer may adopt these non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 6.7.2017

For the Commission
Johannes HAHN
Member of the Commission



This action is funded by the European Union

ANNEX 1

of the Commission Implementing Decision on the NIF and SIGMA, part of the European Neighbourhood wide Action Programme 2017

Action Document to contribute to the Neighbourhood Investment Facility (NIF)

| | | |
|--|---|--|
| 1. Title/basic act/ CRIS number | Contribution from the 2017 general budget of the European Union to the Neighbourhood Investment Facility (NIF) CRIS number: 040-293 (South) and 040-444 (East) financed under European Neighbourhood Instrument (ENI) | |
| 2. Zone benefiting from the action/location | a) European Neighbourhood Policy (ENP) countries with an ENP Association Agenda/Action Plan in force. ¹ b) Other ENP Countries ² (and exceptionally other third countries, as set out in the ENI Regulation), in particular in case of projects with a cross-border and regional nature to which the Union attaches particular interest, and following a unanimous decision of the Board. | |
| 3. Programming document | European Neighbourhood-wide measures and priorities (2014-2020) ³ and Multiannual Indicative Programme (2014-2017) | |
| 4. Sector of concentration/ thematic area | Investment in infrastructure and support to Small and Medium sized Enterprises (SMEs) | |
| 5. Amounts concerned | Total amount of European Union (EU) budget contribution: EUR 356,500,000 of which EUR 220,000,000 for budget line 22.040102 (ENP South), EUR 18,000,000 for budget line 22.040104 (Palestine); EUR 118,500,000 for budget line 22.040202 (ENP East) This action is co-financed by entities and for amounts specified in the indicative project pipeline which is an appendix of this Action Document. | |

¹ At the time of writing of this document: Armenia, Azerbaijan, Egypt, Georgia, Israel (assistance to be provided in line with the Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards), Jordan, Lebanon, Moldova, Morocco, Palestine, Tunisia and Ukraine. Israel is normally only eligible under regional projects, as it has status as a developed country.

² At the time of writing of this document: Algeria, Belarus, Libya and Syria.

³ C(2014)5196.

| | | | | |
|--|--|-------------------------------------|--|-------------------------------------|
| 6. Aid modality(ies) and implementation modality(ies) | Project Modality This action regarding this Regional Blending Facility shall be implemented in indirect management by entities to be indicated in complementary financing Decisions to be adopted at the end of the Regional Blending Facilities award procedure. | | | |
| 7 a) DAC code(s) | – 41010 – 23010 – 21010 – 32130 – 16050 | Sector | – Environmental policy and administrative management; – Energy policy and administrative management; – Transport policy and administrative management; – SME development; – Multi-sector aid for basic social services | |
| b) Main Delivery Channel | 46000 – Regional Development Bank | | | |
| 8. Markers (from CRIS DAC form) | General policy objective | Not targeted | Significant objective | Main objective |
| | Participation development/good governance | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Aid to environment | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Gender equality (including Women In Development) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Trade Development | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Reproductive, Maternal, New born and child health | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | RIO Convention markers | Not targeted | Significant objective | Main objective |
| | Biological diversity | <input checked="" type="checkbox"/> | <input 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"/> |
| 9. Global Public Goods and Challenges (GPGC) thematic flagships | NA | | | |

SUMMARY

The Neighbourhood Investment Facility (NIF) is a blending facility which combines European Union (EU) 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.

The NIF will support projects prepared by the eligible European Finance Institutions in the Neighbourhood in line with objectives defined in the Strategic Orientations:

Strategic objective 1: Establishing better and more sustainable energy and transport interconnections (between the EU and neighbouring countries and between the neighbouring countries themselves), improving energy efficiency and demand management, promoting the use of renewable energy sources, strengthening energy security through diversification of

energy supplies and energy market integration, and supporting investments related to the implementation of EU agreements, including Deep and Comprehensive Free Trade Area Agreements (DCFTAs), as set out notably in the European Neighbourhood Policy (ENP) Association Agendas / Action Plans or other equivalent jointly agreed documents;

Strategic objective 2: Addressing climate change, as well as threats to the environment more broadly;

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

The NIF will prioritise projects that significantly contribute to achieving EU policy objectives in the region, as described inter alia in EU Council Conclusions, EU Agreements, ENP Action Plans as well as the European Neighbourhood Instrument (ENI) regional and bilateral strategy papers for the Neighbourhood. In the East sub-region, priorities will also take into account policy objectives set by Eastern Partnership platforms and panels, the Eastern Partnership transport network and the Energy Community. In the South region sectorial co-operation initiatives, strategies and plans supported by the Union for the Mediterranean will also be taken into account.

The NIF is designed to combine EU grants or financial instruments with other public and private financing. By reducing, through co-financing, the overall cost or risk of the project or by subsidising interest rates and/or financing technical assistance or providing financial instruments, the NIF will encourage the partner country governments, private sector and/or public institutions to carry out essential investments in sectors which would otherwise be postponed due to lack of resources.

Decisions on NIF financing are conditioned to the additionality of NIF contribution: the NIF does not support any operation which could normally be financed by the market.

1. CONTEXT

1.1. Context

In accordance with the Regulation (EU) No 236/2014 the Union should seek the most efficient use of available resources 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 other policies of the Union. This should further entail mutual reinforcement of the programmes devised under the Instruments, and, where appropriate, the use of financial instruments that have a leverage effect.

In line with the European Neighbourhood Policy – that was launched in 2004 and reviewed in 2011 and in 2015⁴ – the ENI support will focus on promoting human rights and the rule of law; establishing deep and sustainable democracy and

⁴ JOIN(2015)50 final, 18.11.2015.

developing a thriving civil society; sustainable and inclusive growth and economic, social and territorial development; including progressive integration in the EU internal market; regional integration; including connectivity and cross-border co-operation programmes.

In order to achieve the objectives of the ENP, reduce the social, economic and political barriers between the EU and its neighbours and to extend EU policy initiatives to Neighbourhood countries, bilateral and regional financial assistance foreseen under the ENI will promote essential reforms, capacity building and modernisation measures in the partner countries. Parallel to this, vital capital investments must be made to rehabilitate, modernise or build essential infrastructure needed for safe and efficient transport of goods and people; for an efficient, secure and safe production, transport and consumption of energy; for effective environmental protection, in particular to ensure the quality of water, air and soil, as well as sustainable waste management and climate change related issues. In addition, capital is also needed for the provision of basic social services such as health and education; and to develop private sector, in particular Small and Medium sized Enterprises (SMEs).

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

The ENP policy framework highlights as one of the priorities of our co-operation with partner countries to contribute to their economic development and modernisation, investment and for developing employment opportunities in particular for the youth. The EU is committed to step up its co-operation in the Neighbourhood region in partnership with European and International Finance Institutions to promote investment and development initiatives that contribute to achieve inclusive growth and employment and improve living conditions for citizens. Moreover, actions to strengthen partnerships with the private sector should be promoted, and the use of innovative approaches such as blending grants and loans as an important way of leveraging additional resources and increasing the impact of EU aid should be boosted.

Based on the above described context, the European Commission, in this Decision, renews the NIF through the ENI, in support to the implementation of the ENP Action Plans and the NIF Strategic Orientations.

1.2. Sector and regional context: policies and challenges

The ENP is a strategic priority of the EU and aims at establishing a wider area of prosperity, stability and security involving the EU and its neighbours. The ENP is based on a bilateral and differentiated relation between the EU and each neighbouring country. Bilateral Action Plans and Association Agendas are the key ENP operational tools. The Action Plans and Associated Agendas cover a wide range of reform objectives of interest to the EU and the partner country and at the same time identify a number of clear priorities. The EU supports the implementation of

these Action Plans and Associated Agendas through the provision of technical expertise and financial support.

The ENP is chiefly a bilateral policy between the EU and each partner country. It is further enriched and complemented by regional and multilateral co-operation initiatives: the Eastern Partnership, the Euro-Mediterranean Partnership (EUROMED) (the Euro-Mediterranean Partnership, formerly known as the Barcelona Process, re-launched in Paris in July 2008 as the Union for the Mediterranean), and the Black Sea Synergy (launched in Kiev in February 2008).

Launched in 2009, the Eastern Partnership is a joint initiative between the EU, EU countries and the Eastern European partner countries. It enables partner countries interested in moving towards the EU and increasing political, economic and cultural links to do so. It is underpinned by a shared commitment to international law and fundamental values - democracy, the rule of law and respect for human rights and fundamental freedoms - and to the market economy, sustainable development and good governance.

The Eastern Partnership (EaP) Summit in Riga in 2015, followed up by the Ministerial meeting in May 2016, confirmed the consensus to step up actions in the four key priority areas of (1) economic development and market opportunities; (2) strengthening institutions and good governance; (3) connectivity, energy efficiency, environment and climate change; (4) mobility and people-to-people contacts. In order to demonstrate the tangible benefits to the citizens of the Partner Countries 20 key deliverables have been identified in the framework of the priorities agreed in Riga, on the basis of already existing commitments on both EU's and EaP Partner Countries' side. Each deliverable is complemented by milestones to be reached by the next EaP Summit in November 2017, targets to be achieved by 2020, implementation modalities and main actors involved. This structure allows for the 20 key deliverables to act as a work plan guiding the co-operation in the next phase of the EaP until 2020 and allowing for an easier monitoring of progress.

The Union for the Mediterranean (UfM) is also providing impetus to the co-operation with partner countries of the Southern Mediterranean and further involves EU's Mediterranean partners in regional co-operation activities. In addition to an upgrade of the "institutional framework" the UfM also aims at mobilising support for a number of very concrete regional projects, some of which build on EU initiatives notably the de-pollution of the Mediterranean, the creation of maritime and land highways, the establishment of a Mediterranean Solar plan, the establishment of an Euro-Mediterranean University and initiatives to support the development of SMEs and job creation.

Most recently, during the 2016 UfM Ministerial meeting on regional co-operation and planning in Jordan, ministers reconfirmed the importance of making optimal and sustainable use of available resources from European and international financial instruments, including blending, to support investments in infrastructure and SME finance that would promote sustainable development and growth

The ENP also offers to its partners a very concrete set of opportunities through its sector policies. These cover a broad range of issues, reaching from employment and social policy, trade, industrial and competition policy to agriculture and rural

development, climate change and environment. They also include energy security, transport, private sector development, research and innovation, as well as support to health and education, culture and youth.

In addition, the Civil Society Facility was created in September 2011 to strengthen the capacity of civil society to promote and monitor reforms, and increase public accountability.

In 2014 the three countries Georgia, Moldova and Ukraine in the Neighbourhood East region signed an Associated Agreement with the EU including a Deep and Comprehensive Free Trade Area (DCFTA) agreement. In the Southern Neighbourhood DCFTA negotiations with Morocco and Tunisia have been launched. The DCFTAs offer new opportunities for trade and further integration of their economies with the EU, but also require major adaptations including for the private sector.

Taking into consideration the above EU policy objectives set for the Neighbourhood area, the Commission shall ensure when implementing financial instruments that there is at the same time a common interest in achieving the policy objectives defined for a financial instrument, possibly fostered by provisions such as co-investment, risk-sharing requirements or financial incentives, while preventing a conflict of interests with other activities of the entrusted entities.

Another challenge is the fact that some of these countries are already nearing the debt ceilings agreed with the International Monetary Fund (IMF), so particular attention should be taken when approving the specific proposals, to help preserve long term debt sustainability.

1.3. Stakeholders

The final beneficiaries of the Facility will be the Partner countries, either directly or indirectly through their central, regional and local administrations or semi-public institutions.

Other final beneficiaries will be the private sector and in particular SMEs for categories of operations dedicated to the private sector development.

Multilateral and national European development finance institutions will be direct partners and important stakeholders of the Facility.

2. RISKS AND ASSUMPTIONS

The main assumptions are:

- A stable political and security climate on the regional level in general and on the country level in particular is needed to promote and secure investments.
- Partner countries are ready to increase the level of investments on their own resources as well as through loans.

- The pipelines of operations are of sufficient quality and volume and provide sufficient added value.
- Partner countries and other local beneficiaries are supportive to the projects prepared by the eligible European Finance Institution.

The main risk is:

- External debt sustainability as some countries in the Neighbourhood are already close to the debt limit set by the IMF.

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1. Lessons learnt

Allocations to the NIF from the EU Budget have reached since 2007 a total of EUR 1,678 million. Additionally, Member States have contributed to the NIF Trust Fund with a total of EUR 84 million. This has enabled the launching of 123 projects with NIF support. The NIF contribution has succeeded in mobilising approximately EUR 15 billion of financing from European and International Finance Institutions since 2008 and a total estimated investment amount of EUR 30 billion i.e. leverage of circa of 20 times in investment for every euro provided by the NIF. The success of the NIF as an effective instrument in the Neighbourhood to leverage investments and achieve greater development impact is also evidenced by a greater demand than available resources from the multilateral allocation and the increase in demand for top-ups from the regional and bilateral budgets.

The Mid-Term Evaluation (MTE) of the NIF under the European Neighbourhood and Partnership Instrument (ENPI) 2007-2013 was finalised in May 2013. The purpose of the evaluation was to assess the progress of the programme against its original objectives and to produce recommendations to improve its effectiveness. The evaluation focussed on the analysis of the mechanism and its procedures since the inception of the Facility.

The conclusions and recommendations of the evaluation are incorporated in the appraisal and adoption of new projects, as indicated here below.

Relevance to the objectives

The MTE states that NIF has proven to be an effective instrument within the ENP and highlights that the NIF achieved its goal of leveraging significant financial resources through grants. The executive summary notes “a steady increase in number of projects and volumes of allocations” and “effective co-ordination amongst Finance Institutions”.

The MTE report confirms that NIF projects are overall relevant to the NIF strategic objectives. It recommends, however, that more attention should be paid to its regional interconnectivity aspects as well as to its cross-cutting objectives, including policy dialogue.

NIF operations

The evaluation noted a relatively balanced geographical and sectoral distribution of projects. It recommends, at the same time, establishing a system which could allow for prioritisation of projects according to their relevance and expected impact.

In terms of project design, sound processes and good standards implemented by Finance Institutions were observed. The evaluators noted that social, environmental and climate change concerns were adequately addressed in the appraisal process. The recommendation in this regard points to enhancing co-ordination with the EU Delegations, which although steadily improving over the last two years, could be further improved. The same recommendation applies for the process of consulting civil society organisations and beneficiaries.

The three-tiered governance structure of the instruments has been deemed to be effective although the evaluators identified that some of its aspects need strengthening, for example the resource allocation mechanisms, the monitoring and evaluation functions and the transparency of the decision-making process.

One of the positive aspects underlined by the evaluators with regard to the NIF is that it has significantly contributed to the development of partnerships and increased co-ordination and enhanced co-operation between the Finance Institutions and the Commission as well as amongst the Finance Institutions themselves. The evaluators recommend further developing the co-ordination mechanisms at national and regional levels.

Finally, the evaluation recommends introducing a results-based monitoring system specific for NIF blending projects as well as strengthening the communication and visibility aspects.

The European Court of Auditors published a special report⁵ on the EU blending facilities (including the NIF) in October 2014. The conclusions were to a large extent in line with the above mentioned ones: blending the facilities' grants with loans from Finance Institutions to support EU external policies was found generally effective and projects were relevant. The recommendations covered the following aspects: need to improve the documentation on additionality of the grant and its level, produce guidelines, ensure more pro-active role of EU Delegations, simplify the decision making process, improve Commission's monitoring of the projects and ensure appropriate visibility for EU funding.

Many of these recommendations have already been dealt with by the Platform for Blending in External Cooperation (EUBEC), set-up in December 2012, including the development of a harmonised and improved project application form and its guidelines as well as the development of a results measurement framework with standard indicators.

In addition, the NIF operates since 2014 in the context of a revised and harmonised governance framework – including revised project application forms and project

⁵ European Court of Auditors' special report no. 16/2014. The effectiveness of blending regional investment facility grants with financial institution loans to support EU external policies.

development guidance –that improves the accountability of the decision making process while reducing transaction costs.

The decision making-process has been shortened by the abolishment of a provisional approval phase. Projects that have been positively assessed by the Technical Meeting are directly submitted to the board for a recommendation for financing. A second notable change is the more intensive involvement of the EU Delegations all along the project preparation by the Eligible Finance Institutions (EFIs) and a stronger focus on the discussion on the NIF pipeline.

Additionally, following the requirement of Article 140 of Regulation (EU, Euratom) No 966/2012 an ex-ante evaluation of the NIF has been carried out.

Based on the ex-ante evaluation and on the success so far achieved by the NIF, it is expected that blending will be an increasingly important tool for the EU in the current Multiannual Financial Framework (2014-2020).

3.2. Complementary actions

The NIF is complementary to regional programmes and initiatives for the Eastern Neighbourhood. For example in the Neighbourhood East, NIF is complementary with regional programmes aiming at enabling a more positive investment climate, such as EU4Energy (the EU's regional energy co-operation programme), including support to energy diversification (e.g. Southern Corridor) and security of supply, EU4Business, the Eastern Partnership (EaP) Environment Governance Flagship and municipal development initiatives such as the Covenant of Mayors and Mayors for Economic Growth. As regards transport sector, NIF complementarity can be seen in supporting projects on the extended core TEN-T Network, including so called "quick-wins" projects. Furthermore, the NIF is complementing support to the countries related to the requirements arriving from the Association Agreements and the DCFTAs by strengthening in particular the ability of the private sector to respond to the new challenges and opportunities.

In the Neighbourhood South, NIF operations can be complementary to other national and regional initiatives, for example: in the field of energy, the NIF support the Mediterranean Solar plan, in the area of power generation from renewable energy sources; energy efficiency and energy savings; renewable energy transmission capacities for connection to the grid; and cross-border transmission connections. The NIF can also support transport projects which are on the Trans-Mediterranean Transport Network (TMN-T), as endorsed at the 2013 UfM Mediterranean Ministerial Conference in Brussels. NIF can contribute to projects in line with the Horizon 2020 initiative to de-pollute the Mediterranean Sea and the National Action Plans under the Barcelona Convention focusing on sustainable urban development and pollution reduction (waste water, municipal solid waste and industrial emissions) related to the main pollution hotspots of the region, in particular those ending up in the Mediterranean Sea, as emphasised by the 2014 UfM Ministerial meeting on Environment and Climate Change, the 2015 UfM Ministerial Conference on the Blue Economy and the 2016 UfM Ministerial Conference on Sustainable Energy. The NIF will complement various climate change-related activities in the region, both at regional and bilateral level (such as CLIMA South project, the activities of the newly established UfM climate change expert group, and bilateral projects including twinning).

Since the beginning of 2011 the NIF has also included a Climate Change Window (CCW) to support the implementation of projects helping partner countries tackle climate change through mitigation and/or adaptation measures. The NIF CCW is managed in a streamlined way and has in general the same rules and the same financing and implementation modalities as the NIF. It enables the tracking of all climate change related projects funded by the EU. According to the OECD-DAC⁶ categories, these projects should be earmarked as Rio Marker 2. They can target either mitigation or adaptation or both of them and should contribute to the objective of stabilisation of greenhouse gas (GHG) concentrations in the atmosphere. Operations could address all relevant fields in line with the ones of the facility.

The NIF also complements the development of the private sector through different initiatives including enhancing the financing of micro and SMEs and support to trade development / DCFTAs. The Charter / Small Business Act (SBA) co-ordinators should be consulted and involved where relevant, in particular regarding support to policy dialogue activities and the enabling environment.

3.3. Donor co-ordination

By enabling joint European operations (combining bilateral and community grant funding with EFI's loan operations), the NIF has generated greater coherence and better co-ordination between the donors, in line with the Paris Declaration principles and in compliance with the EU Financial Regulation. Member States' resources have reinforced the Union's effort. The NIF is financing larger operations, better support partners in carrying out necessary reforms and investments and bring greater visibility for the European dimension of external co-operation. In many cases, co-financing with non EU Finance Institutions has further improved donor co-ordination.

The NIF governing bodies are providing a very suitable arena for co-ordination amongst EFIs and amongst Member States. These platforms allow regular discussions on pipelines, priority projects and synergies between projects.

3.4. Cross-cutting issues

Partner countries and Eligible Finance Institutions will ensure that all projects financed with EU budget respect Union principles in terms of environmental and social impact, public procurement, state aid, and equal opportunities. Environmental Impact Assessments and Strategic Environmental Assessments should be carried out when required by the EU Directives and in line with EU standards. Infrastructure projects should take account of risk assessments to identify project's vulnerability to disaster risks, including longer-term expected effects from climate change. Risk-sensitive infrastructure should be promoted.

4. DETAILED DESCRIPTION

4.1. Objectives

⁶ The Organisation for Economic Co-operation and Development's Development Assistance Committee.

The NIF's main purpose is to promote additional investments in sustainable infrastructure in transport, energy, environment, including climate change mitigation and adaptation, and to support social and private sector development in Eastern and Southern Partner Countries. In particular the NIF will support the growth of micro and SMEs by making available a range of financial instruments in particular through risk-sharing capital mechanisms.

The leverage effect of the NIF funding is expected to generate at least a multiplying factor of 4 to 5 times, or more, the amount of the NIF 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 NIF 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.

This financing Decision concerns the 2017 European Union contribution to the NIF. The NIF annual contributions are programmed at Neighbourhood-wide level; they are complemented by specific funds from Neighbourhood regional programmes and/or bilateral programmes, as well as by direct additional contributions from Member States, which are kept in the NIF trust fund managed by the European Investment Bank (EIB). Concerning the former, they are as follows:

a) In the South:

- An allocation of EUR 55 million from Egypt's bilateral co-operation (Single Support Framework) to the NIF, in support to private sector development / micro and SMEs / job creation, as well as to support investments in the water and sanitation sectors;
- An allocation of EUR 60 million from Morocco's bilateral co-operation (Single Support Framework) to the NIF, to contribute to investments in renewable energy;
- An allocation of EUR 18 million from Palestine's bilateral co-operation (Single Support Framework) to the NIF, to support SME's/private sector development and investments in renewable energy/energy efficiency;
- An allocation of EUR 20 million from the Southern Neighbourhood regional co-operation programme to the NIF, to support SME's/private sector development and investments in renewable energy/energy efficiency.

b) In the East:

- An allocation of EUR 10 million from Georgia's bilateral co-operation (Single Support Framework) to the NIF, to contribute to investments in the water, sanitation and waste management sectors.
- An allocation of EUR 46 million from Moldova's bilateral co-operation (Single Support Framework) to the NIF, to contribute to investments in energy sector.
- An allocation of EU 30 million from Eastern Neighbourhood regional co-operation programme to the NIF, to support investments in transport and/or energy sectors.

The indicative pipeline of project proposals for the East and the South is included as appendix to the Action Document.

Furthermore, considering the EU commitment to dedicate 20% of its budget to climate related issues, an appropriate contribution to this objective under this programme will be promoted.

4.2. Expected results and main activities

The expected results of the NIF are increased investment in the following sectors contributing to:

- (1) Better and more sustainable transport infrastructure, notably:
 - better (faster, cheaper, disaster resilient, more sustainable and safer) transport infrastructure within beneficiary countries and between them;
 - better interconnection between the EU and the Neighbours through the extension of the Trans-European Network to the East and South;
 - faster and cheaper movement of people and goods between the EU and its neighbours, and between neighbours and the Member States particularly on the sub-regional level, while respecting EU environmental standards.

- (2) Better and more sustainable energy infrastructure, notably:
 - the improvement of transit connections between EU and Neighbour countries as well as between partner countries, thus increasing security of energy supply for the EU and for the Neighbours;
 - the improvement of safety and security of energy infrastructure and respect of EU environmental standards;
 - the improvement of energy efficiency and energy savings;
 - the increase of production and use of renewable energy (wind, solar energy).

- (3) Increased protection of the environment and enhanced resilience to disasters and climate changes impacts in synergy with low carbon development, notably:
 - the promotion of sustainable integrated waste management (household, municipal and industrial) in line with the principles of a circular economy, including necessary related infrastructures, as well as relevant climate change considerations;
 - the introduction of sustainable integrated water management, including necessary related infrastructure;
 - the reduction of air, soil and water (including marine) pollution including monitoring infrastructure when needed;
 - the promotion of climate change related investments, i.e. renewable energy, energy efficiency and saving, sustainable consumption and production including resources efficiency and other climate and environment friendly techniques.

- (4) Support to trade facilitation, notably:
 - support to SMEs to finance investments to comply with standards and technical trade regulations;
 - support to SMEs to facilitate its trade with the EU and other regions;

- support DCFTA related infrastructure and equipment (in particular laboratories).
- (5) Improved social services and infrastructures, notably:
- better access to health care and improved health services installations in urban and rural areas;
 - better education facilities, increased access to education in urban and rural areas;
 - improved vocational training facilities.
- (6) Creation and growth of SMEs and improvement of the employment situations:
- better access to financing for micro and SMEs (availability of a larger range of financial products than what is currently available) at the different stages of enterprise creation, restructuring, modernisation etc.;
 - Supporting SMEs through the use of risk-sharing capital mechanisms by investing in private equity and venture capital funds; investing in microfinance; providing guarantees to microfinance or other innovative instruments such as co-investing alongside Business Angels, Incubators and Accelerators and investing in innovation and technology transfers;
 - Support to human capital development infrastructure such technical vocational and knowledge centres, creation of technological poles, enterprise incubators etc.

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

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

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

5. IMPLEMENTATION

5.1. Financing agreement

In order to implement this action, it may be foreseen to conclude financing agreements with the partner countries, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2. Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in sections 4.1. and 4.2. will be carried out, is 264 months from the date of entry into force of the financing agreement or, when none is concluded, from the adoption of this Action Document. Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this Decision and the relevant agreements; such amendments to this Decision constitute

technical amendment in the sense of point (i) of Article 2(3)(c) of Regulation(EU) No 236/2014.

5.3. Implementation components and modules

5.3.1. ENI Blending Framework

The NIF will operate under the governance of the ENI blending framework.

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

- opinions on projects will be formulated by the Board, held whenever possible back to back with the ENI Committee;
- such opinions will be prepared in dedicated Technical Assessment Meetings.

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

EU Member States or other donors will be able to contribute to a dedicated **NIF Trust Fund**. The latter will also operate under the governance structure of the ENI blending framework (one single governance structure for both the NIF and the NIF Trust Fund), with slightly different voting procedures to reflect the additional contributions of EU Member States or other contributors.

Rules of procedure were approved by the NIF Board meeting of 27 November 2015 and further detail the decision making process as well as the organisation of the strategic meetings. The NIF Trust Fund agreement will reflect the general governance arrangements agreed under the ENI blending framework and include the specificities of the NIF Trust Fund.

The Board is chaired by the Commission and is composed of representatives of the Commission, the European External Action Service (EEAS), the EU Member States as voting members, and International and European Finance Institutions as observers. In principle the Board aims to deliver opinions on project proposals by consensus. If no consensus can be found the Board will vote. EFIs 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 Board. The part of the meeting where opinions on EU contribution requests are expressed will be restricted only to voting members. The conclusions including their justifications will be subsequently communicated to the EFI in writing.

The Board will also be responsible for:

- providing guidance to participating institutions on appropriate future financing proposals (based on 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 NIF 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.

The Board meets two to four times a year, depending on the needs and whenever possible back to back with ENI Committee meetings. When duly justified by time constraints, opinions on projects could be requested by written procedure.

The recommendations of the Board must be incorporated in relevant Commission Decisions for the EU budget as mandated by the relevant Financial Regulation and its Rules of Application.

Technical meetings chaired by the Commission with the participation of EEAS and EFIs will be held to:

- review and discuss the pipeline to ensure co-ordination at an early stage, including in relation to geographical balance and agreed EU political objectives as well as to available resources. Results of the pipeline discussion shall be transmitted to the Board.
- assess project proposals submitted by a so called Lead Finance Institution based on the appropriate application form. The proposal will also be shared with other EFIs for peer review and possible written comments. In particular, such assessment will include alignment to EU policy objectives, the justification of the added value of the grant contribution, social and environmental aspects, appropriate financial structure and other issues such as debt sustainability.
- facilitate exchanges on best practices across regions, including the possible development of selected blending operations or financial instruments that extend across geographical regions.

Such meetings will be held on a regular basis depending on the needs and will be organised pragmatically bringing together appropriate experts. If appropriate such meetings may include or be complemented by virtual meetings and/or written exchanges facilitated by the Secretariat. The Lead Finance Institution, on the basis of and depending on the comments made, will then be able to submit a revised proposal for further technical discussions at a later technical meeting or a final revised application form in view of the submission to the Board.

The Commission will ensure the secretariat of the ENI blending framework, supporting the Board in all its tasks (opinions on individual blending operations, internal consultation, monitoring at facility level, consolidation of the pipeline on the basis of the information provided by the European Finance Institutions including a short project description and the outcome of the pipeline discussion, production of regular up-to-date information and annual reports on the facilities, preparation of exchanges on best practices). It will also support in the organisation of communication events and the general implementation of the communication strategy (websites and other communication tools), thereby contributing to the visibility of the EU. The Secretariat also organises the technical level assessment of proposals and is the central contact point for all stakeholders involved in the blending frameworks.

5.3.2. *Contribution to the Neighbourhood Investment Facility*

This contribution may be implemented under indirect management with the entities called Lead Finance Institutions, and for amounts identified in the appendix of this action document, in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. The entrusted budget-implementation tasks consist in the implementation of procurement, grants, financial instruments and payments. The entrusted Member State agency or international organisation shall also monitor and evaluate the project and report on it.

The entrusted budget-implementation tasks shall be carried out according to the rules assessed and approved by the Lead Finance Institution. Payments may be executed by the partner country under the control by the Lead Finance Institution.

The Lead Finance Institutions are not definitively known at the moment of adoption of this Action Document but are indicatively listed in its appendix. A complementary financing Decision will be adopted under Article 84(3) of Regulation (EU, Euratom) No 966/2012 to determine the Lead Finance Institutions definitively.

In accordance with Article 4.1.(e) of the Regulation (EU) No 236/2014 this contribution may be implemented through indirect management whenever possible under the lead of the EIB in line with its external mandate under Decision No 1080/2011/EU, a multilateral European Finance Institution such as the European Bank for Reconstruction and Development (EBRD), or a bilateral European Finance Institution, e.g. bilateral development banks.

The Lead Finance Institution will be awarded a contract for an individual operation based on its operational and financial capacity.

The Commission will only entrust budget implementation tasks to Lead Finance Institutions. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds. The European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Council of Europe Development Bank (CEB), the Nordic Investment Bank (NIB), the Nordic Environment Finance Corporation (NEFCO), the Agence Française de Développement (AFD), the Kreditanstalt für Wiederaufbau (KfW), the Italian Società Italiana per le Imprese all'Estero (SIMEST) and Cassa depositi e prestiti S.p.A., (CDP)⁷ and the Spanish Agency for International Development Co-operation (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.

5.4. *Scope of geographical eligibility for procurement and grants*

⁷ Subject to the approval of the NIF Board.

The geographical eligibility in terms of place of establishment for participating in procurement and grant⁸ 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.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 9(3) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5. Indicative budget

| Module | Amount in EUR | Third party contribution in EUR (indicative, where known) |
|---|----------------------|--|
| Contribution for NIF projects in ENP South <i>(from budget line 22.040102)</i> | 220,000,000 | NA |
| Contribution for NIF projects in Palestine <i>(from budget line 22.040104)</i> | 18,000,000 | NA |
| Contribution for NIF projects in ENP East <i>(from budget line 22.040202)</i> | 118,500,000 | NA |
| Total | 356,500,000 | NA |

5.6. Reporting and Performance monitoring

In accordance with Regulation (EU) No 236/2014, financial instruments may be grouped into facilities for implementation and reporting purposes. The Commission will report annually to the European Parliament and the Council on the activities relating to the NIF including the details laid down in Article 140 of Regulation (EU, Euratom) No 966/2012. Reporting will also be carried out at an individual operational level by the entrusted entities, in line with the contractual provisions of the bilateral agreement that the Commission will sign with these entities. Policy impact of actions will be communicated to the political level on a regular basis in relation to key aspects of the agreed policy.

As per the recommendation of the evaluation, the Commission will monitor the performance of the projects benefiting from a NIF grant based on the results indicators listed here below. This performance monitoring will be carried out in indicators for each operation, based on the following indicative framework of sector-specific indicators:

- a) Transport
 - Length of new or upgraded roads;

⁸ With regard to Israeli entities: follow Guidelines on the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards (OJ C 205, 19.7.2013, p. 9).

- Users of new or upgraded roads;
 - Length of new or upgraded railways;
 - Rail use;
 - Length of new or upgraded urban transport lanes;
 - Urban transport users;
 - Port terminal capacity (passenger, container or cargo);
 - Ports: Terminal(s) user traffic (passenger, container or cargo);
 - Airport terminal capacity; and
 - Airport use.
- b) Environment/Water and Sanitation, and climate change
- Length of new or rehabilitated water supply pipes;
 - Population benefitting from safe drinking water;
 - Length of new or rehabilitated sewer pipes installed;
 - Population benefitting from improved sanitation services;
 - New connections to water supply;
 - Potable Water Produced;
 - Water treatment capacity;
 - Wastewater Treated and
 - Wastewater treatment capacity;
 - Reduced GHG emissions from waste.
- c) Energy
- Transmission and distribution lines installed or upgraded;
 - Population benefitting from electricity production;
 - New connections to electricity;
 - Power production;
 - Additional capacity from conventional electricity production;
 - Additional capacity from renewable energy sources; and
 - Energy efficiencies.
- d) Social Sector (social housing, health, education)
- New and/or refurbished habitable floor area;
 - Population benefitting from improved housing, health and/or education conditions;
 - Bed occupancy rate;
 - Inpatients;
 - Outpatients consultations;
 - New and/or refurbished health facilities;
 - New and/or refurbished educational facility;
 - Students/researchers benefitting from new/refurbished educational facility;
 - Students enrolled.
- e) Trade and Private Sector Development
- For direct operations: access to finance: number of units served among relevant target group (including when feasible for women entrepreneurs);
 - For indirect operations: access to finance: number of units served among relevant target group (including when feasible for women entrepreneurs);
 - For direct operations: access to finance: Amount of outstanding loans to relevant target group;
 - For indirect operations: access to finance: Amount of outstanding loans to relevant target group;
 - For indirect operations: new financing made available to financial intermediaries (e.g. banks, microfinance institutions, funds);

- For direct operations: number of Micro, Small and Medium Enterprises (MSMEs) reporting increased turnover (as a result of direct support received from the FIs); and
 - For both direct and, where feasible, indirect operations: Number of jobs sustained (resulting from the project).
- f) Cross sector indicators
- Total number of beneficiaries (segregated when feasible by gender);
 - Number of beneficiaries living below the poverty line (whose living conditions are improved by the project);
 - Relative (net)/Greenhouse gas emissions impact;
 - Direct employment: construction phase;
 - Direct employment: operation and maintenance.

5.7. Evaluation and audit

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

Operations can be the subject of financial control by the Commission (including by OLAF) as well as by the European Court of Auditors.

5.8. Communication and visibility

The European Commission, the entrusted entities and the partner countries, where relevant, will abide by the communication and visibility rules for European Union financing. Appropriate contractual obligations shall be included in the financing and delegation agreements.

As stated by the NIF Strategic Orientations 2014-2020, and reflecting the outcome of the evaluation of NIF 2008-2013, the objectives pursued by NIF and the results expected in terms of improving the lives of people in an inclusive and sustainable way, need to be clearly articulated and broadly communicated by the EU, lead financiers under NIF and partner countries, so as to demonstrate that the shared political commitments between the EU and partner countries deliver concrete results for the population.

For each individual project, a Communication and Visibility plan will be prepared by the lead EFI in co-operation with the EU, allowing in particular the involvement of the EU Delegations at key stages of the projects. The European Commission will publish an annual activity report providing an overview of the financed projects.

ANNEX – Appendix 1: South Indicative Pipeline 2017-2018

| Sub-region | Country | Lead Finance Institution | Operation's Title | Sector | Estimated Total Investment (M EUR) | NIF Estimated Amount (M EUR) |
|------------|---------|--------------------------|--|------------------------------------|------------------------------------|------------------------------|
| South | Egypt | EBRD / EIB | Support to national rural sanitation programme | Water and Environment | 680 | 45 |
| South | Egypt | AFD | Urban transport Alexandria | Transport | 363 | 15 |
| South | Egypt | EIB / EBRD | Support to Alexandria water and sanitation programme | Water and Environment | 200 | 25 |
| South | Egypt | AFD / EIB | Urban regeneration programme of North Giza sector in greater Cairo | Urban development | 45 | 10 |
| South | Egypt | AFD / EIB | Wind Farm Gulf of Suez – Phase II | Energy | 340 | 20 |
| South | Jordan | AFD / EIB | Red sea – Dead sea water project (Phase I) | Water | 1000 | 40 |
| South | Jordan | AFD / EIB | Regional and local development programme | Inclusive development | 120 | 20 |
| South | Jordan | EBRD | Waste-water plant (As-Samra phase II) | Water and Environment | 150 | 30 |
| South | Jordan | AFD / EIB | Jordan national railway project | Transport | 100 | 10 |
| South | Lebanon | EIB | Lebanese highway | Transport | 150 | 5 |
| South | Lebanon | EIB | Saida water treatment expansion | Water and Environment Transport | 65 | 25 |
| South | Lebanon | EIB | National Urban development programme | Inclusive development Transport | 130 | 35 |
| South | Lebanon | EIB | National roads rehabilitation programme | Transport | 420 | 20 |
| South | Morocco | EIB | Fez Euro-Mediterranean University | Human resources development | 300 | 20 |

| Sub-region | Country | Lead Finance Institution | Operation's Title | Sector | Estimated Total Investment (M EUR) | NIF Estimated Amount (M EUR) |
|------------|-----------|--------------------------|---|-----------------------|------------------------------------|------------------------------|
| South | Morocco | KFW / EIB/ AFD | ATLAS project for PV solar plants | Energy | 300 | 20 |
| South | Morocco | KFW / EIB/ AFD | Expansion of Noor CSP Solar plants | Energy | 2000 | 80 |
| South | Palestine | KFW | Support to Guarantee schemes for private sector | SME's | 70 | 10 |
| South | Palestine | AFD | Support to renewable energy and energy efficiency | Energy | 23 | 5 |
| South | Tunisia | AFD | Programme de relance des investissements agricoles | SME's | 300 | 15 |
| South | Tunisia | EIB | Programme d'efficacite energetique municipale | Energy | 120 | 25 |
| South | Tunisia | EIB / AFD | H2020 Assainissement des zones cotiers | Water and Environment | 110 | 8 |
| South | Tunisia | EIB/ AFD / KFW | H2020 Mise en terril du phosphogypse á Gabes ⁹ | Environment | 200 | 20 |
| South | Tunisia | EIB / AFD | Tunisia National Medinas Investment programme | Economic development | 80 | 15 |
| South | Tunisia | EIB /AFD | Tunisia rehabilitation des quartiers populaires (URR) | Urban development | 80 | 15 |
| South | Regional | EIB / EBRD / KFW | Green for Growth Fund (GGF - MENA Window) | Energy/ SME's | 330 | 13 |

⁹ There will be a need to limit the content of cadmium in fertilisers in line with EU legislative proposal.

ANNEX – Appendix 2: East Indicative Pipeline 2017-2018

| Sub-region | Country | Lead Finance Institution | Operation's Title | Sector | Estimated Total Investment (M EUR) | NIF Estimated Amount (M EUR) |
|-------------------|----------------|---------------------------------|---|-----------------------|---|-------------------------------------|
| East | Armenia | EIB | M6 Interstate Road | Transport | 102 | 6 |
| East | Belarus | EBRD | Eastern Europe energy Efficiency and Environment Partnership, E5P | Water and environment | 100 | 10 |
| East | Georgia | EBRD | Hazardous Waste Management | Waste Management | 26 | 5 |
| East | Georgia | EIB | Georgia Transport Connectivity (E-60 Extended TENT-T Corridor - Chumateleti - Argveta) | Transport | 1,000 | 20 |
| East | Georgia | EIB | Georgia Transport Connectivity (E-60 Extended TENT-T Corridor Grigoleti Choloqi / Grigoleti – Poti) | Transport | 1,000 | 10 |
| East | Georgia | CEB | Municipal Infrastructure/Water and Waste Water | Water and waste water | 65 | 6 |
| East | Georgia | EBRD | Central Georgia Solid Waste Project | Waste management | 26 | 5 |
| East | Moldova | EIB | Moldova - Support to the implementation of the waste strategy in the Cahul region | Waste management | 18 | 6 |
| East | Moldova | EIB | Moldova Romania Power Interconnector Phase 1 | Energy | 200 | 40 |

| Sub-region | Country | Lead Finance Institution | Operation's Title | Sector | Estimated Total Investment (M EUR) | NIF Estimated Amount (M EUR) |
|-------------------|----------------|---------------------------------|--|-------------------|---|-------------------------------------|
| East | Regional | EIB | Municipal Project Support Facility Phase 2 | Energy efficiency | 530 | 8 |
| East | Regional | KfW | European Fund for Southeast Europe - EFSE | Private sector | 1,060 | 30 |
| East | Regional | KfW | Green for Growth Fund | Energy | 332 | 20 |