



Brussels, 18.12.2014  
C(2014) 9862 final

**COMMISSION DECISION**

**of 18.12.2014**

**on the complementarity financing decision for the Neighbourhood Investment Facility to  
be financed from the general budget of the European Union**

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THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>1</sup>, and in particular Article 84(2) thereof,

Whereas:

- (1) The Commission has adopted the Annual Action Programme "European Neighbourhood wide Action Programme 2014"<sup>2</sup> which foresees the EU contribution to the Neighbourhood Investment facility. Following the selection process foreseen in this Annual Action Programme, the projects to be implemented have been selected.
- (2) For projects to be implemented under indirect management, it is necessary to adopt this Decision in order to provide the elements required by the second subparagraph of Article 84(3) of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council,
- (3) The Commission should entrust budget-implementation tasks under indirect management to the entities specified in the Annex to this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds. The European Investment Bank (EIB), Agence Française de Développement (AFD), Kreditanstalt für Wiederaufbau (KfW) and the European Bank for Reconstruction and Development (EBRD) are currently undergoing the assessment under Regulation (EU, Euratom) No 966/2012. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entities' positive assessment under Council Regulation (EC, Euratom) No 1605/2002<sup>3</sup> and on the long-standing and problem-free cooperation with them, budget-implementation tasks can be entrusted to these entities.

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<sup>1</sup> OJ L 298, 26.10.2012, p. 1.

<sup>2</sup> Commission implementing Decision C(2014)5750 of 20 August 2014 on the European Neighbourhood wide Action Programme 2014 to be financed from the general budget of the European Union.

<sup>3</sup> Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1).

HAS DECIDED AS FOLLOWS:

*Sole Article*

**Adoption of the projects to be implemented and of their modalities**

The list of projects to be implemented under indirect management in the framework of the Neighbourhood Investment facility, as set out in the Annex attached, is approved.

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

Done at Brussels, 18.12.2014

*For the Commission*

*Johannes Hahn*

*Member of the Commission*

## Annex to the Complementary financing decision of the Neighbourhood Investment Facility

Title of the project	Selected Entrusted Entity	Amount of EU Contribution
Armenia – Yerevan Solid Waste	EBRD	8 220 000
Caucasus - Transmission Network (Transmission Line and HVDC station between Armenia and Georgia), Stage 1	KfW	10 350 000
Moldova – Fruit Garden	EIB	8 408 000
Moldova - North Water	EBRD	10 220 400
Moldova – Roads Rehabilitation IV	EBRD	1 745 000 <sup>1</sup>
Ukraine Programme for Modernization and Rehabilitation of Municipal Infrastructure	KfW	3 150 000
Eastern Partnership Countries - E5P Expansion to other	EBRD	30 600 000
Eastern Partnership Countries Small Business Support programmes – EGP and BAS (Phase II)	EBRD	8 300 000
Eastern Partnership Countries - Municipal Project Support Facility (MPSF).	EIB	12 300 000
Eastern Partnership Countries - SME Finance Facility	EBRD	15 300 000
Egypt - Pollution Abatement Programme EPAP III	EIB	10 440 000
Morocco - Noor III : Tower plant of the Ouarzazate Solar Complex	EIB	50 750 000 <sup>2</sup>
Morocco - Projet de création des Instituts de formation aux métiers des énergies renouvelables et de l'efficacité énergétique (IFMEREE)	AFD	10 200 000
Tunisia- Depollution Lake Bizerte	EIB	6 670 000 <sup>3</sup>
Tunisia - Modernisation Etablissements Scolaires	EIB	6 940 000 <sup>4</sup>
Southern Neighbourhood Countries - Risk Capital Facility.	EIB	25 600 000
Southern Neighbourhood Countries – Small Business Support	EBRD	20 900 000

<sup>1</sup> The project cost is €15,300,000, of which €13,555,000 is financed from the 2013 NIF Commission decision.

<sup>2</sup> This amount may be decreased pro rata to the total project costs if it is less than planned.

<sup>3</sup> The project cost is €15,416,000 of which €8,746,000 is financed from the 2013 NIF Commission Decision

<sup>4</sup> The project cost is €20,550,000 of which €13,610,000 is financed from the 2013 NIF Commission Decision.

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### “Yerevan Solid Waste”

Investment Facility	NIF
Opinion of the Operational Board	POSITIVE OPINION
Sector/DAC code	Environment/14050
Partner country/region	Armenia
Lead FI	European Bank for Reconstruction and Development (EBRD)
Co-financiers	European Investment Bank (EIB)
EU contribution requested	EUR 8,220,000.00
Total cost of the project (including EU contribution)	EUR 25, 920, 000
Objectives to be fulfilled (main)	<p>The Project will serve as a pilot for the country and is expected to raise awareness of solid waste management issues among the population, city administration as well as among relevant ministerial stakeholders. Its objectives will be mainly :</p> <ul style="list-style-type: none"> <li>• upgrading the existing dumpsite to a sanitary landfill;</li> <li>• establish a landfill operating company (the “Company”);</li> <li>• build institutional capacity in the Company via Corporate Development and Stakeholder Participation programmes.</li> </ul>
Foreseen results	<p>Yerevan currently has no capacity to safely dispose of municipal solid waste. The current dumpsite at Nubarashen receives 1000 tonnes per day but dumping is done with no sanitary measures. After the programme has been implemented, the capacity of the new sanitary landfill will be enough to serve the entire population of Yerevan. Yerevan Municipality currently is using a deficient customer database for collection, and so current actual collection rates are uncertain. The database will be improved as part of the project, resulting in upgraded collection rates. A reduction of 3000 tonnes of methane gas emitted is estimated, equivalent to 60,000 tonnes of CO<sub>2</sub>.</p>
Description of the activities/activities covered by the NIF grant	<p>The NIF contribution will cover the investment grant part of the project. The Yerevan Solid Waste Management Project comprises the construction of a new sanitary landfill in the capital city of Yerevan at an already dedicated area close to the existing dumpsite of Nubarashen, 12 km south of Yerevan. The existing dumpsite has been in operation since early 1960’s and operates without adequate environmental protection measures. The new sanitary landfill will be owned by the Municipality of Yerevan (through a special purpose company). Because of the considerable size of the operations it is deemed feasible to</p>

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	<p>involve the private sector in the operation of the landfill. The anticipated contract structure is a DBOT (Design Build Operate Transfer) contract which would include operation of the landfill for an estimated 10 year period by an international operator. In a related process, waste collection in Yerevan has been contracted out to two private operators. This PPP setup is expected to provide increased efficiency and enable knowledge transfer and introduction of international best practices in the sector.</p> <p>Sector reforms will be achieved through an appropriate planning framework for waste management in Yerevan, as well as coordination with a national waste strategy adopted by the Government during 2014. Institutional support will be provided for the establishment of a special purpose company, which will own the landfill infrastructure and be the contract counterpart to the international operator of the landfill under the PPP contract.</p> <p>Further, the Project will raise public awareness of solid waste management among the population, which is important for the acceptance of anticipated increases in tariffs.</p>
Location	Armenia
Duration i.e. implementation period and indicative implementation timetable	Indicative implementation duration: 4 years.

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### “Regional - Caucasus Transmission Network (Transmission Line and HVDC station between Armenia and Georgia), Stage 1”

Investment Facility	NIF
Opinion of the Operational Board	POSITIVE OPINION
Sector/DAC code	Energy Infrastructure/23040 Electrical Transmission
Partner country/region	Armenia and Georgia
Lead FI	KfW Bankengruppe (KfW)
Co-financiers	European Investment Bank (EIB)
EU contribution requested	EUR: 10,350,000.00
Total cost of the project (including the EU contribution)	EUR 133,896,000
Objectives to be fulfilled (main)	<ul style="list-style-type: none"> <li>• enabling power transfer between Georgia and Armenia and thereby contributing to energy security, which is of highest national interest of Armenia</li> <li>• establishing better energy interconnections by closing a missing link for a reliable, flexible and mutually beneficial cross-border energy exchange not only between Armenia and Georgia, but within the South Caucasus</li> <li>• assisting the efficient utilization of the two countries' generating facilities and the utilization of renewable energy resources</li> <li>• connecting Armenia (via Georgia) to the EU (ENTSO-E) network and introducing EU standards</li> <li>• improving the countries' energy infrastructure, facilitating energy security and enhancing power export and transit potential and thus supporting the further economic development of Georgia, Armenia and the region, thus contributing to job creation and poverty reduction.</li> </ul>
Foreseen results	The main impact of the project is the enhanced security of electricity supply for Armenia. Armenia and Georgia benefit from an efficient use of the countries' generating facilities and a transmission opportunity between the different regional networks. The stable electricity supply lays the basis for economic development, thus creating employment opportunities and thereby alleviating poverty. The project contributes to the objectives of Armenia's Sustainable Development Program.
Description of the activities	The project can be seen as the extension of the project Black Sea Transmission Network comprising of the construction of the 500 kV/220 kV High Voltage Direct Current (HVDC) back-to-back converter station in Armenia close to the Georgian border that

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	<p>will connect Armenian and Georgian power Grid.</p> <p>The overall Project (estimated costs EUR 340-350m) will be carried out in three consecutive (closed) stages. <u>Stage 1</u> (object of this application) consists of the construction of a 500/400/220 kV HVDC-substation in Ayrum/Armenia with a capacity of 350 MW as well as the construction of 500 kV line on the Georgian side to the substation in Marneuli. From the Armenian side the existing 220 kV line from Alaverdi will be connected to the substation. The Implementation period of Stage 1 will be 2015-2018. <u>In the second stage</u> the substation will be extended by another 350 MW converter and a 400 kV switchgear to connect the 400 kV line which will be built to the Gas Combined Cycle Power Plant in Hrazdan. <u>At the third stage</u> the 500 kV and 400 kV switchgear will be extended by a third 350 MW converter to reach the maximal transfer capacity of 1.050 MW.) High-Voltage Electricity Networks (HVEN), the national transmission company of Armenia under the responsibility of the Ministry of Energy and Natural Resources, will act as the project executing agency of the project. The Georgian part of the project will be financed and executed by JSC Georgian State Electrosystem (GSE).</p> <p>It is foreseen to finance the TA-measures exclusively from EU-NIF funds. The remaining NIF funds (EUR 6-7 million) will be pooled with the loans provided from KfW and EIB to finance the equipment and the installation.</p>
Location	Armenia
Duration i.e. implementation period and implementation timetable	Indicative implementation period: 3 years.



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### “Moldova – Fruit Garden”

Investment Facility	NIF
Opinion of the Operational Board	POSITIVE OPINION
Sector/DAC code	Agriculture/31120, 31162, 31193
Partner country/region	Moldova
Lead FI	European Investment Bank (EIB)
Co-financiers	N/A
EU contribution requested	EUR 8,408,000.00
Total cost of the project (including the EU contribution)	EUR 300, 000, 000
Objectives to be fulfilled (main)	<ul style="list-style-type: none"> <li>• Supporting the agroindustry in Moldova and its modernisation throughout the entire value chain (more specifically horticulture)</li> <li>• Providing wider access to finance via intermediary banks</li> <li>• Supporting access to international trade by local participants</li> <li>• Ensuring compliance with European standards in the field</li> </ul>
Foreseen results	<p>The following indicators will be measured: i.a</p> <ul style="list-style-type: none"> <li>- Access to finance: number of units served among relevant target group</li> <li>- Amount of outstanding loans and other sources of financing to relevant target group</li> <li>- Number of jobs sustained (resulting from the project)</li> </ul>
Description of the activities	<p>Within the Fruit Garden of Moldova project the EIB seeks first to exploit maximum synergies within the existing operations and focus on one of Moldova’s traditional strongholds of fruit and vegetable production which includes dried fruits and nuts. The value chain approach will consist of education, modernisation of plantations and equipment, storage, processing (including drying), packaging and export with the related logistics infrastructure.</p> <p>The EU NIF contribution (Investment grant) of EUR 6 million will be used in the form of partial guarantees aimed at mitigating the underlying risks of financial intermediaries on the final beneficiaries, as well as the foreign exchange risk – in the case of local currency loans – which would otherwise be ultimately passed on to the final beneficiaries. The remaining EUR 2.2</p>

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	million will cover the costs of TA dedicated to training (local banks' capacity building with a view to improve their understanding of agricultural business and its associated risks) and business plan support.
Location	Moldova
Duration i.e. implementation period and indicative implementation timetable	Indicative implementation duration: 9 years.

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### Moldova North Water Project

Investment Facility	NIF (East)
Opinion of the Operational Board	Positive
Sector/DAC code	Environment / 14010, 14021, 14022
Partner country/region	Moldova
Lead FI	European Bank for Reconstruction and Development (EBRD)
Co-financiers	European Investment Bank (EIB)
EU contribution requested	EUR 10.220.400
Total cost of the project	Total: EUR 32.470.000
Objectives to be fulfilled (main)	<p>The overall objective of the Project is to expand water supply services within the project area, as well as to increase the quality and frequency of water and wastewater services to the population in the operating region. This will be achieved by capital investments primarily focused on water supply services and particularly into connections of new localities to the Soroaca-Balti Pipeline("SBP") expanding the operation service areas, network rehabilitation and energy efficiency investments. It is also envisaged that overall efficiency of the operations will be enhanced by subsequently delegating the operations and management responsibilities to a private operator. The tendering and contracting of the private operator shall be carried out by the envisaged Regional Operating Company with implementation support from consultants funded via Technical Assistance.</p>
Foreseen results	<p>While the project aims to improve both water and wastewater operations at the regional level, the investment components will primarily lead to the improvement of the people's access to quality drinking water by: - increasing new beneficiaries number (by ca. 43,000) to the SPB and to existing networks; -rehabilitation of SBP and water networks to reduce water losses;-minor repairs at the water treatment plant and pumping stations;- repairs of reservoirs to reduce water losses and ensure water quality; -energy efficiency (replacement of pumps, pressure zoning, etc.); -metering or meter replacements to reduce commercial losses.The Project will also introduce commercial reform principles and requirements as well as innovative approaches to structuring such investments, and will introduce sustainable practices such as the introduction of service agreement(s) between the ROC and</p>

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	the participating localities.
Description of the activities	<p>The Project will create a regional integrated water supply system in Northern Moldova on the backbone of the existing Soroca-Balti Pipeline (“SBP” or the “Pipeline”), and improve the quality and efficiency of water and wastewater services in the operation area. The Project will contribute further to the decentralisation and rationalisation of the system of municipal infrastructure provision and financing in the Republic of Moldova. A Regional Operating Company (“ROC”) will be created within the project associating the local public authorities from 7 areas – Balti, Floresti, Soroca, Singerei, Telenesti, Riscani and Drochia (the “Raions” or the “Local Authorities”), aiming at jointly coordinating water supply and wastewater services on a regional basis. It is also intended that ROC would attract private sector operators under a limited Public-Sector Partnership (PSP), a performance based operations &amp; management contract, to operate and manage the infrastructure as a single operation area to achieve the intended operational efficiencies.</p>
Location	Northern Moldova
Duration i.e. implementation period and indicative implementation timetable	Indicative implementation period – 4 years from signature of contribution agreement.

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### Moldova Roads Rehabilitation IV

Investment Facility	NIF
Opinion of the Operational Board	POSITIVE OPINION
Sector/DAC code	Transport – Roads / 21020
Partner country/region	Moldova
Lead FI	European Bank for Reconstruction and Development
Co-financiers	European Investment Bank
EU contribution requested	EUR 1,745,000 (Total EU contribution is €15,300,000 with the difference funded from 2013 commitment credits).
Total cost of the project (including EU contribution)	EUR 315,500,000.00
Objectives to be fulfilled (main)	<p>The purpose of the Project is to halt the deterioration of the road network in Moldova, ensure key road links are maintained to acceptable standards to facilitate economic growth and regional integration, and to support reform of the road sector.</p> <p>The project aims at privatising the state owned road maintenance companies, developing new routine maintenance contracts, strengthening the capacity building of the SRA, and bringing improvements in road safety regulations.</p> <p>The Project contributes to create a long-term and transparent system of road financing in order to ensure continued maintenance of the existent public road network. Improvements in road safety regulations are an important part of the Project.</p> <p>The Project contributes to establish better transport infrastructure interconnections between the EU and neighbouring countries and among neighbouring countries themselves. The privatisation of the state owned road maintenance companies would support the development of this new private market, by involving SMEs.</p>
Description of the activities	The project will consist of two sovereign loans from EBRD of up to EUR 150 million and EIB of up to EUR 150 million as well to the Government of Moldova, structured in three tranches, a NIF funding of up to EUR 15.0 million, and technical assistance for implementation of road maintenance reform to be financed out of EBRD Special Shareholders Fund. The operation will enable Moldova to undertake necessary rehabilitation of its national road network.
Foreseen results	The rehabilitation and construction of new road networks is a necessary improvement of basic public infrastructure in Moldova. It will allow better access to EU markets to encourage

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	<p>foreign direct investment in Moldova.</p> <p>The NIF contribution will help :</p> <ul style="list-style-type: none"> <li>• rehabilitate important cross-boundaries road network,</li> <li>• improve local development capacities by upgrading road access to the markets and decrease transportation costs,</li> <li>• implement a project with a positive sustainable environmental impact by reducing carbon and other emissions. Rehabilitation of national roads is vital to improve access to EU markets.</li> </ul> <p>The poor present condition of road network is seen as acting as a significant deterrent to investment in the country and the development of external trade links to the West and the East.</p>
Location	Moldova
Duration i.e. implementation period and indicative implementation timetable	Indicative implementation period – 6 years from signature of contribution agreement.
Justification/additionality of the EU grant	<p>The Project contributes to establish better transport infrastructure interconnections between the EU and neighbouring countries and among neighbouring countries themselves. The privatisation of the state owned road maintenance companies would support the development of this new private market, by involving SMEs.</p> <p>NIF contribution and the project in general will help to the development of capacities via the access by road to other markets and decrease transportation costs, in particular EU markets. The poor present condition of Moldova’s road network represent an important hurdle for attracting investment in Moldova and for developing of external trade links to the West and the East.</p> <p>From a financial perspective, comparing the benefits of the project to construction costs gives an average EIRR of 18.3% on the proposed investments which seems quite high, further justification on the NIF contribution should be provided.</p> <p>The project expects to conduct road safety audits for the road sections rehabilitated through the project, to identify opportunities on capacity building and seek to improve road safety regulations in Moldova in the framework of the road safety initiative of the government.</p>

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### “Programme for Modernization and Rehabilitation of Municipal Infrastructure”

Investment Facility	NIF
Opinion of the Operational Board	Approved
Sector/DAC code	14020 - Water and Waste Water/Solid Waste
Partner country/region	Ukraine
Lead FI	KfW
Co-financiers	EIB, Municipalities (phase I) EIB, OeEB, WB, Municipalities (phase II)
EU contribution requested	EUR 3.150.000
Total cost of the project (including EU contribution)	EUR 89 200 000
Objectives to be fulfilled (main)	<p>The general objective of the program is to reduce vital deficits in the water sector in the cities of Chernivtsi (Project Phases I and II) and Donetsk (Project Phase II) through targeted investments. This will contribute to the specific objectives of:</p> <ul style="list-style-type: none"> <li>• reducing the burden on the environment and climate caused by inadequate and inefficient municipal infrastructure,</li> <li>• improving the population’s access to municipal services.</li> </ul>
Foreseen results	<p>As main result the municipality of Chernivtsi is foreseen to operate its water supply systems according to EU standards. In particular the following results will be achieved:</p> <ol style="list-style-type: none"> <li>1) both technical and non-technical water losses will have been reduced significantly;</li> <li>2) power consumption for pumping water within the supply system will be reduced;</li> <li>3) the number of individual water meters on the household level will have increased creating incentives for more economic water use by households;</li> <li>4) the tariff collection rate of the utilities will have increased;</li> <li>5) tariffs will have been adjusted towards the level required to cover at least the cost of operating the entire water supply/waste water system;</li> <li>6) utilities will have received substantial trainings aiming at improving the commercial and technical quality and efficiency of their operations including customer care;</li> <li>7) special emphasis is put on the issue of transboundary river basin. As the river Prut, into which treated wastewater effluents of the city of Chernivtsi are discharged, crosses the border of Romania only 20 km after Chernivtsi, the cooperation of Ukraine and Romania on monitoring the water quality will be essential and therefore enforced through the project.</li> </ol>

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Description of the activities	<p>The programme activities foresee investments in water provision and waste water systems in the cities of Chernivtsi and Donetsk in Ukraine.</p> <p>Besides, technical assistance (training and implementation) packages will be prepared to improve commercial and technical (primarily maintenance) operations of participating municipal utilities and support them in project execution. This TA support is planned to be provided through consultancies. It will consist of:</p> <ul style="list-style-type: none"> <li>➤ technical implementation support for the implementing agency Chernivtsi Vodokanal, as well as</li> <li>➤ training measures and operational support</li> </ul>
Location	Ukraine: Donetsk, Chernivtsi:
Duration i.e. implementation period and indicative implementation timetable	Indicative implementation period – 3 years from signature of contribution agreement.



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### “ESP Expansion to other Eastern Partnership Countries”

Investment Facility	NIF
Opinion of the Operational Board	Positive
Sector/DAC code	14021; 14022; 14050; 14081; 23030; 23070; 43030
Partner country/region	Regional (Countries in the Eastern Partnership area namely Armenia, Georgia, Moldova)
Lead FI	EBRD
Co-financiers	EIB, NEFCO, NIB, World Bank Group (Implementing Agencies)
EU contribution requested	EUR 30,600,000
Total cost of the project	EUR 210,000,000 (approximately)
Objectives to be fulfilled (main)	The overall objective is to reduce CO <sub>2</sub> and other greenhouse gas emissions which contribute to climate change by financing projects for improvement measures to existing infrastructure with a view to reducing significantly the energy consumption and other operating costs.
Foreseen results	The expected output is depending on each project covering various parts of the municipal sector. In general the main results will be the following: <ul style="list-style-type: none"> <li>- to decrease the amount of gases causing the greenhouse effect;</li> <li>- to contribute to the creation of a stable environment;</li> <li>- to strengthen the economic competitiveness;</li> <li>- to improve affordability;</li> <li>- to save energy in public buildings;</li> <li>- to increase energy security and the accessibility of energy resources;</li> <li>- to upgrade water and wastewater systems.</li> </ul>
Description of the activities	<p>The Project will support investments resulting in significant energy efficiency gains, including energy savings, reduction of carbon dioxide (CO<sub>2</sub>) and other greenhouse gases (GHG) emissions. Environmental projects (for example in waste water or renewable energy) will also be within the scope.</p> <p>The investments contemplated by the Implementing Agencies involve financing of improvement measures to existing infrastructure with a view to reducing CO<sub>2</sub> emissions, energy consumption and other operating costs, creating such conditions that would enable institutional reforms including consumption-based billing and increasing motivation for energy conservation.</p> <p>The EU/NIF grant will cover inter alia demand Side Management investments and regulatory reforms</p>

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Location	Armenia, Georgia, Moldova
Duration i.e implementation timetable	Indicative implementation period: 5 years.

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### E/57 SME Finance Facility – Implementation of EBRD Small Business Support programmes – Enterprise Growth Programme (EGP) and Business Advisory Services (BAS) – in the Eastern Partnership countries (Phase II)

Investment Facility	NIF
Opinion of the Operational Board	POSITIVE OPINION
Sector/DAC code	Private sector / 25010
Partner country/region	Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine
Lead FI	European Bank for Reconstruction and Development
Co-financiers	Client's contributions
EU contribution requested	EUR 8,300,000.00
Total cost of the project (including the EU contribution)	EUR 10,700,000.00
Objectives to be fulfilled (main)	<ul style="list-style-type: none"> <li>• Improved access to finance for MSMEs by preparing companies for investment, whether by EBRD, other IFIs or local banks, and by providing advisory services to SMEs receiving finance;</li> <li>• Enhanced competitiveness of assisted MSMEs (as seen by increased exports, productivity and sales, new foreign contacts, new production line/technology, changes in product ranges and production processes);</li> <li>• Strengthened and sustainable infrastructures of local business advisory services (as seen by increased supply of services, broadened range of services, improved quality, increased consolidation of the industry).</li> <li>• Consistent with the focus on DCFTA-related activities in the countries with current agreements with the EU, enhanced export capacity in manufacturing and services sectors and corresponding diminution in barriers to trade for assisted SMEs.</li> </ul>
Foreseen results	<ul style="list-style-type: none"> <li>• At least 500 enterprises receive advisory assistance through SBS projects</li> <li>• At least 250 local consultants trained to deliver business support on the local market</li> <li>• At least EUR 55 million net increase in the aggregate business volume of the assisted enterprises within one year of project completion.</li> <li>• At least 50% of assisted enterprises increase turnover within one year of project completion.</li> <li>• At least 2,500 new jobs created within one year of project completion.</li> <li>• At least 50% of assisted enterprises increase employment within one year of project completion.</li> </ul>

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	<ul style="list-style-type: none"> <li>• At least 50% of export-oriented companies expand export operations or explore new markets within one year of project completion.</li> <li>• At least 15% of enterprises assisted successfully obtain external financing within one year of project completion.</li> </ul>
	<p>The Project consists in the implementation of EBRD Small Business Support programmes – Enterprise Growth Programme (EGP) and Business Advisory Services (BAS) – in the Eastern Partnership countries. EGP and BAS are complementary schemes that strengthen micro, small and medium sized enterprises (MSMEs) and improve their capacity for innovation, competitiveness and ability to attract external investments, while striving to develop local MSME support networks including business advisory services.</p>
Location	Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine
Duration i.e. implementation period and indicative implementation timetable	Indicative implementation period will be 36 months
Justification/additionality of the EU grant	<p>The total cost of the Phase II of the Project corresponding to the final approval is EUR 10.7 million, including EU NIF contribution of EUR 8 million and estimated EUR 2.7 million in client contributions.</p> <p>NIF support requested is 74.7% of the total project cost, starting from the second quarter of 2015. This funding is expected to be committed and disbursed in the BAS programme within the 18-month period. For EGP, the funding will fund new projects to start in the first 18-month period, with disbursement taking place gradually over a longer period of 36 months.</p> <p>The cost of the Project Phase II is based on review of ongoing Small Business Support activities - EGP and BAS programmes - in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Since March 1, 2011 SBS has been implementing its activities in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine with EU funding under the Eastern Partnership SME flagship initiative (EUR 10 million). This funding allowed for implementation of 66 EGP projects and 700 BAS projects with enterprises in the EaP countries as well as a number of market development and visibility activities. The average BAS project cost has been EUR 5,598, the average EGP project cost has been EUR 55,000.</p>

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### Municipal Project Support Facility (“MPSF” or the “Facility”)

Investment Facility	NIF (East)
Opinion of the Operational Board	Positive
Sector/DAC code	Water, Waste, Energy Efficiency measures, Municipal Infrastructure, Urban Transport, Renewable Energy 14021, 14022, 14050, 14081, 43030
Partner country/region	Countries of the Eastern Partnership
Lead FI	EIB
Co-financiers	AFD, KfW, EBRD
EU contribution requested	EUR 12.300.000
Total cost of the project (including EU contribution)	EUR 520.000.000
Objectives to be fulfilled (main)	<p>(i) Catalysing investments in municipal infrastructure in the region, namely:</p> <ul style="list-style-type: none"> <li>a. improved energy and resource efficiency</li> <li>b. water, wastewater, urban transport and solid waste</li> </ul> <p>(ii) Providing better services to the population</p> <p>(iii) Contributing to improved quality of life</p>
Foreseen results	<ul style="list-style-type: none"> <li>• Addressing threats to the common environment including climate change</li> <li>• Promoting sustainable socio economic development and the municipal sector</li> <li>• Mobilise additional funding in the Neighbourhood region (leverage loans)</li> <li>• Be complementary to corresponding regional, national and local strategy and measures</li> <li>• Encouraging the modernization and institutional reform process</li> </ul> <p>The project also aims to reduce greenhouse gas emissions which contribute to climate change by financing projects which increase their energy efficiency and/or reduces losses (water/energy) and through that reduce GHG emissions (directly or indirectly). In addition, the project aims at contributing to greater resilience of basic services.</p>
Description of the activities	<p>The Municipal Project Support Facility (MPSF) will assist municipalities across the Eastern Partnership region to provide sustainable municipal services while protecting and preserving the urban environment. Support from the MPSF to municipalities will cover project identification, preparation, implementation and evaluation, thus accompanying the projects through their entire life-cycle. The NIF grant will contribute to improve the quality and efficiency of the municipal infrastructures, thus providing better services to the population</p>

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	<p>and contributing to an enhanced quality of their lives.</p> <p>The EUR 12 million grant will catalyse investments of more than EUR 500 million related to energy efficiency in all urban sectors (including district heating, urban transport, street lighting, renewable energy, etc.), water supply and sanitation, and solid waste management.</p>
Location	Ukraine, Moldova, Georgia, Azerbaijan, Armenia, Belarus
Duration i.e. implementation period and indicative implementation timetable	Implementation period – 4 years from signature of contribution agreement.

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### Eastern Partnership (“EaP”) – SME Finance Facility – PHASE II for Ukraine, Georgia and Moldova

Investment Facility	NIF
Opinion of the Operational Board	POSITIVE OPINION
Sector/DAC code	Private Sector /24030 – Formal sector financial intermediaries, 24040 - Informal/semi-formal financial intermediaries
Partner country/region	Ukraine (and possibly Georgia & Moldova)
Lead FI	European Bank for Reconstruction and Development/European Investment Bank
Co-financiers	KfW
EU contribution requested	EUR 15,300,000.00
Total cost of the project (including EU contribution)	EUR 90,000,000.00
Objectives to be fulfilled (main)	<ul style="list-style-type: none"> <li>• Rebuild financial intermediaries’ confidence to extend financing to SMEs, including micro-enterprises, following the financial crisis;</li> <li>• Enhance financial intermediaries’ capacity to assess and monitor the related risks and manage their SME financing;</li> <li>• Strengthen and deepen the SME credit markets in local currency;</li> <li>• Expand financing options available to the real economy;</li> <li>• Promote continued development of market-based financial institutions and contribute to institution building.</li> </ul>
Description of the activities	<p>This is the second phase of the Eastern Partnership (“EaP”) – SME Finance Facility. The SME Finance Facility combines EBRD, EIB and KfW loans or guarantees to participating financial intermediaries (“PFIs”) in EaP countries, for on-lending to eligible SMEs, including micro-enterprises, with EU grant resources to support SME lending during the crisis period and beyond.</p> <p>It is proposed to use EU grant resources of EUR 15 million for the second phase of the Facility (the entire Facility in the amount of EUR 30 million was approved in 2010 with two windows: EUR 20 million to the EBRD/KfW window and EUR 10 million to the EIB window) to finance Credit Enhancement support for PFIs through risk sharing instruments to leverage estimated EUR 75 million of new on-lending by PFIs to SMEs.</p>
Foreseen results	<ul style="list-style-type: none"> <li>• New financing made available to financial intermediaries (e.g. banks, microfinance institutions)</li> <li>• It is implied that the average size of the sub-loan will be around EUR 1 million</li> <li>• Amount of outstanding sub-loans in the portfolio of PFIs at the end of their fiscal year</li> </ul>

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Expected leverage	90:15 (6:1)
Location	Ukraine (and possibly Georgia & Moldova)
Duration i.e. implementation period and indicative implementation timetable	Duration: approximately 6 years.
Justification/additionality of the EU grant	<p>One of the key focuses of the three Eligible Finance Institutions' operations in the financial sector in EaP countries is on increasing the availability of long-term funding to the SME sector. In the absence of NIF grant support, EFIs' funding alone would not be sufficient to incentivise PFIs to re-engage with the SME and MSME segments, particularly as the impact of rising levels of non-performing loans is still being seen across the financial sectors of the EaP Countries. Under Phase 1 the availability of first loss cover encouraged the PFIs to engage in lending to the SME sector which was perceived as too risky.</p>



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### Egyptian Pollution Abatement Programme III

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive opinion
Sector/DAC code	Sector: Energy/Environment  <i>DAC code:</i> 41020 Air pollution control, ozone layer preservation; marine pollution control. 14015 Water Resource Protection: Industrial effluents
Partner country/region	Egypt
Lead FI	European Investment Bank (EIB)
Co-financiers	Agence Française de Développement (AFD); KfW
EU contribution requested	€ 10,440,000
Total cost of the project	€ 185,960,000
Objectives to be fulfilled (main)	<p>The main objective of the project is to set a framework for encouraging cleaner production uptake in Egypt by promoting technologies achieving significant pollution abatement in the industry, i.e. control, reduce or prevent anthropogenic emissions. To some extent, in doing so it will help reducing the greenhouse gas emissions (GHG). It will also improve the living and workplace conditions. The project will also strengthen the enforcement capacity of the EEAA (TA) making it more efficient and help the banks to become more pro-active in the financing of environmental projects thanks to capacity building (TA) in order to insure the sustainability of the project.</p> <p>This operation will be intermediated by local banks and as such will contribute to the development of the Egyptian banking sector. By focusing on SMEs the project will also support job creation.</p>
Foreseen results	The project will contribute to more efficient use of energy and wastewater cleansing by industrial customers in the Egypt, reduction in global greenhouse gas emissions and reduction in local pollution with consequent benefits for human health.

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Description of the activities	<p>The programme addresses point source pollution from industrial pollution as well as diffuse pollution (work environment). The investment component is coupled with a set of technical assistance (TA) and institutional support activities to insure the sustainability of the project.</p> <p>The grant from the NIF will support the investment of the final beneficiaries will consist of direct investment grants (no interest rate subsidies). Direct investment grants are estimated at € 19.42 million, of which € 4 million from the NIF, € 10.42 million from the financial institutions to complement the loans from the co-financiers. In particular €5 million from KFW will be dedicated to the SME window.</p> <p>The project also finances complementary technical assistance (€6 million) to provide support to the PMU, capacity building to financial intermediaries, and capacity building/institutional strengthening to the EEAA .</p>
Location	Egypt
Duration i.e. implementation period and indicative implementation timetable	<p>Signature of the Agreement: Q4 2014</p> <p>Start of activities: 1Q 2015</p> <p>End of activities: Q4 2020</p>
Justification/additionality of the EU grant	<p>It is inherent to certain type of depollution projects (mainly end-of-pipe and waste water treatment projects) that these do not (sufficiently) generate revenues to support the investment cost, and thus result in high operating costs. The NIF funding provides financial incentives to enhance grant-funding of the FI-loans for investments that do not generate sufficient revenues but that generate high environmental benefits is foreseen; although projects may not be financially profitable they are economically sound taking into account externalities.</p> <p>The project also finances capacity building to financial intermediaries and capacity building/ institutional strengthening to be provided to the regulator to increase its enforcement capacity and effectiveness on the objectives pursued (indeed, this might result in potential more and higher fines in case of non-compliance).</p>

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### Noor III : Tower plant of the Ouarzazate Solar Complex

Investment Facility	NIF
Opinion of the Operational Board	POSITIVE OPINION
Sector/DAC code	Energy/23067
Partner country/region	Morocco
Lead FI	European Investment Bank (EIB)
Co-financiers	KfW Bankengruppe (KfW); Agence Française de Développement (AFD)
EU contribution requested	€ 50,750,000* (Investment Grant)
Total cost of the project (including the EU contribution)	Between € 760,000,000 and € 855,000,000 (based on promoter's estimates)  * For a project cost between €760,000,000 and above, the NIF subsidy will be EUR 50,750,000. If the project cost falls below €760,000,000, the NIF subsidy will be reduced pro-rata.
Objectives to be fulfilled (main)	<ul style="list-style-type: none"> <li>• Introducing an innovative technology: CSP tower technologies, with molten salt receiver, dry cooling and thermal energy storage.</li> <li>• Building on the experience of Noor I in using a PPP business model to develop CSP power plants in Morocco and elsewhere.</li> <li>• Helping scaling-up a promising non-carbon power generation technology that ultimately may not require fossil fuel back-up capacity.</li> <li>• Contributing to Morocco's objectives of a more secure energy supply, energy diversification, CO2 emission reductions and increased employment by increasing the penetration of renewable energy in the country's energy mix and by contributing to the creation of a new green industry.</li> <li>• Supporting MASEN in finalizing the development of the up to 560 MW Ouarzazate Solar Complex by 2016 with a view to increasing the generation of power from CSP, and reducing greenhouse gas emissions</li> </ul> <p>The Solar Complex is the first reference project for the vision to produce solar power in the desert regions of MENA on a large scale.</p>
Description of the activities	This NIF application concerns the financing of thermal solar power plant with a capacity of 150 MW using concentrated solar power (CSP) tower technology (with storage), name 'Noor

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	<p>III'After the successful preparation of the first 160 MW CSP plant in Ouarzazate (Noor I) in Morocco, MASEN launched in January 2013, the selection of a consortium for the development, construction and operation on the same site of an extra 250 to 350 MW capacity composed of a ca. 150-200 MW CSP Parabolic Trough plant (Noor II) and a 100-150 MW CSP tower technology plant (Noor III). MASEN also plans the installation of a 50 MW photovoltaic plant on the same site in the next 3 years (Noor IV). The 4 projects Noor I to Noor IV - together with a research platform also envisaged for the site - will make up the Ouarzazate Solar Complex.</p>
Foreseen results	<ul style="list-style-type: none"> <li>• Diffusion of renewable energies in Morocco will help to encourage innovation and the creation of a supply industry for the solar sector.</li> <li>• Additional controllable / balancing non-carbon power produced by the plant will back a growing country with a raising energy demand in a clean manner.</li> <li>• This facilitation of further economic growth will also create new jobs.</li> <li>• Reduction of poverty in the country through indirect (plus the direct) forms of employment creation</li> </ul>
Location	Morocco
Duration i.e. implementation period and implementation timetable	<p>Indicative timetable:</p> <ul style="list-style-type: none"> <li>• Target date of signature of EU Contribution Agreement with Lead FI: Q1 2015</li> <li>• Target date of signature of EU Financing Agreement with Beneficiary: Q1 2015</li> <li>• Start of activities financed by the EU grant: Q2 2015</li> <li>• End of activities financed by the EU grant: Q2 2018</li> <li>• End of project activities: 2042</li> </ul>
Justification/additionality of the EU grant	<p>The price of electricity produced by thermal solar power plants is for the moment significantly higher compared to the production costs of conventional power plants. While CSP generation presents clear benefits in terms of secure grid operation, its relatively higher capital costs, when compared to PV and traditional fossil fuel technologies, have practical financing implications. The NIF grant will reduce the total investment costs either by financing MASEN equity share and/or by financing of part of the loans from MASEN to the SPC, the remainder of which will have to be borne by the Moroccan government. The Moroccan government explicitly requested the NIF funding as an essential element for making the financing structure affordable. Indeed, by the realization of the project, the NIF will facilitate the introduction of innovative and promising CSP tower technology in Morocco and promote the diffusion of renewable energies in the MENA region. This will help to encourage the creation of new</p>

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	employment in the solar sector.
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### Morocco – Projet de création des Instituts de formation aux métiers des énergies renouvelables et de l'efficacité énergétique (IFMERE)

Investment Facility	NIF
Opinion of the Operational Board	POSITIVE OPINION
Sector/DAC code	Social Sector/23081
Partner country/region	Morocco
Lead FI	Agence Française de Développement (AFD)
Co-financiers	Ministry of Education and Vocational Training and GIZ.
EU contribution requested	€ 10,200,000
Total cost of the project (including the EU contribution)	€ 26,000,000
Objectives to be fulfilled (main)	<ul style="list-style-type: none"> <li>• creating a sectorial training offer in order to build a critical mass of technologists whose skills meet the requirements of public and private investors.</li> <li>• developing new vocational training courses non-existent in Morocco.</li> <li>• developing a regional job-training distributed throughout the territory which will meet the implementation strategies of economic operators;</li> <li>• providing enterprises of the sector with technical assistance and advice</li> </ul>
Foreseen results	<p>The proposed creation of IFMERE aims to accompany the human resources component of the energy strategy of the Kingdom of Morocco.</p> <p>Besides promoting the systematic energy efficiency in the country's economic activity, this strategy aims to produce 42% of its energy from renewable sources. This goal will represent a saving of 2.5 million tonnes of oil equivalent fossil fuel according to official figures of l'ONEE (National Office of Electricity and Potable Water).</p> <p>The IFMERE project is therefore at the heart of environmental challenges and thereby contributes to the challenges in the fight against global warming.</p>
Description of the activities	The project is designed to create three Institutes for Vocational Training in the field of renewable energy and energy efficiency (IFMERE). The aforementioned Institutes will be located in Tanger, Ouarzazate and Oujda.

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	The training program will fit into the 2020 Morocco's energy strategy and will meet the competence needs expressed by economic operators
Location	Morocco
Duration i.e. implementation period and indicative implementation timetable	<p>Duration: approximately 6 years.</p> <ul style="list-style-type: none"> <li>• Dates of signature of the loans with the beneficiary (Lead Financier and Other co-financing EFIs): Q4 2014</li> <li>• Target date of signature of EU Delegation Agreement with Lead FI: Q1 2015</li> <li>• Start of activities financed by the EU grant: January 2015</li> <li>• End of activities financed by the EU grant : January 2020</li> <li>• End of project activities: January 2020</li> </ul>
Justification/additionality of the EU grant	<p>The Government of Morocco wished to use part of its bilateral envelope PIN 2014 to finance an EU support to this program which is considered to be a priority and which cannot be supported by the state due to the constraint of budget debt.</p> <p>This program will increase the supply of training in a sector with high economic potential as well as it will develop employability and allow an audience (made up of youth and women) access to employment. The project will also develop the attractiveness factor of Morocco for foreign direct investment in the renewable energy sector by improving human capital, both qualitatively and quantitatively. European involvement (EU, AFD, GIZ) will strengthen the development of the mode of governance of innovative vocational training in a growing economic sector.</p>

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### Tunisia - Depollution Lake Bizerte

Investment Facility	NIF
Opinion of the Operational Board	POSITIVE OPINION
Sector/DAC code	Environmental sector / 41010
Partner country/region	Tunisia
Lead FI	European Investment Bank (EIB)
Co-financiers	European Bank for Reconstruction and Development (EBRD)
EU contribution requested	EUR 6,670,000 (Total EU contribution is €15,416,000 with the difference funded from 2013 commitment credits).
Total cost of the project (including EU contribution)	EUR 90,000,000
Objectives to be fulfilled (main)	<p>The project aims to contribute to the Barcelona Convention and the Horizon 2020 Initiative's objectives in reducing land based pollution sources reaching the Mediterranean Sea as well as to increase the quality of the environment around the lake and thus contribute to the improvement of people's lives and the increase of the potential for sustainable socio-economic development of the region.</p> <p>The specific objectives of the project are:</p> <p>(i) eliminating or reducing the pollution in the watershed of Lake Bizerte, thus improving health conditions and quality of life for its residents;</p> <p>(ii) supporting the socio-economic potential of the region and employment creation;</p> <p>(iii) increasing the engagement of local stakeholders at all levels regarding the promotion of sustainable development of the Lake Bizerte region; and</p> <p>(iv) strengthening the institutional framework.</p>
Foreseen results	<p>The expected results of the program are the following:</p> <ul style="list-style-type: none"> <li>• Increased aquaculture production and revenue as a result of improved trophic state of the lake;</li> <li>• Improved quality of life of artisanal fishermen and their families;</li> <li>• Reduced socio-economic cost of treatment of water born diseases, and affections linked to air pollution (asthma etc.);</li> <li>• Increased opportunity to use the lake as a recreational / tourism asset and source of revenue;</li> </ul>



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	<ul style="list-style-type: none"> <li>• Increased capacity to create sources of revenue from solid waste management at the local level;</li> <li>• Increased incentives of local institutions to plan the economic development of the region and adhere to these plans;</li> <li>• Increased incentives of local authorities (governorate and municipalities) and national authorities (ANPE) to monitor, identify and address environmental concerns on the state of the lake and surrounding areas;</li> <li>• Reduction of diffuse pollution loads from both rural and urban areas;</li> <li>• Increased climate change adaptation capacity (planning, project design) by the project promoter and implementing agencies.</li> </ul>
Description of the activities	The project consists of 4 main infrastructure components, a TA component to support project implementation and a set of institutional support functions as well as a set of actions to ensure the sustainability of project results. The 4 infrastructure components target all priority pollution sources identified in the course of the feasibility study notably: 1) industrial pollution, 2) wastewater, 3) solid waste and 4) costal infrastructure works.
Location	Tunisia, Governorate of Bizerte
Duration i.e. implementation period and indicative implementation timetable	<p>Target date of signature of EU Delegation Agreement with Lead FI: Q4(2014)</p> <p>Target date of signature of EU Financing Agreement with Beneficiary: Q4(2014)</p> <p>Start of activities financed by the EU grant: Q1(2015)</p> <p>End of activities financed by the EU grant: Q1(2021)</p> <p>End of project activities: Q1(2023)</p>
Justification/additionality of the EU grant	<p>The grant for TA (EUR 5.8m) and for the investment (EUR 9.2) will support the financial sustainability of the investment. The leverage of the investment grant will be 6:1.</p> <p>The institutional and non-financial impacts were analysed as a part of the Feasibility study. A key impact of the TA component provided as a part of the project will be to: 1) ensure proper implementation of the project taking into account its integrated and complex nature; 2) lay the basis for the sustainability of the results by: strengthening compliance, enforcement and environmental monitoring; reinforcing governance through participatory approach; building environmental awareness and communication around the matters linked to the Lake Bizerte.</p> <p>In addition to the direct benefits of the project, there will be an additional positive social impact, as the increased quality of the water and the environment will provide possibilities for development of tourism activities as well as improved and</p>

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	increased aquaculture yields.
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### Tunisia - Modernisation Etablissement Scolaires

Investment Facility	NIF
Opinion of the Operational Board	POSITIVE OPINION
Sector/DAC code	Social Sector / 11120
Partner country/region	Tunisia
Lead FI	European Investment Bank (EIB)
Co-financiers	Kreditanstalt für Wiederaufbau (KfW)
EU contribution requested	€ 6,940,000 (the total EU financing is €20,550,000 of which € 13,610,000 is financed from the 2013 NIF Commission Decision)
Total cost of the project (including EU contribution)	€ 213,000,000
Objectives to be fulfilled (main)	The project aims to contribute to the generalization of access to secondary education and improve the quality of the school environment. The specific objectives of the project are: (i) improving access to primary and secondary education, especially for children with disabilities and special needs; (ii) improving student teaching; (iii) improving management of school infrastructure by the Ministry of Education; and (iv) improving the disciplinary climate, quality of education and participatory management. The project will cover 25% of secondary schools in Tunisia.
Foreseen results	The expected results of the program are the following: <ul style="list-style-type: none"> <li>• Access to primary (collèges) and secondary schools (lycées) improved;</li> <li>• Hygienic &amp; sanitary conditions of school environment improved (including waste disposal, hygiene and sanitation);</li> <li>• Learning facilities &amp; equipment for students improved;</li> <li>• Safety in schools improved;</li> <li>• Inclusion into regular schools of handicapped children as well as those with special needs increased;</li> <li>• Decentralised management of educational infrastructure improved; and</li> <li>• Standards for school infrastructure improved and costs reduced.</li> <li>• Discipline and learning achievements at pilot schools improved.</li> </ul>
Description of the activities	The project aims to improve the quality of educational services in schools through construction of 59 new school facilities, rehabilitation of 310 others as well as through management and

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	renewal of ordinary equipment, and improvement of school climate, including the disciplinary climate. The project should thus increase the capacity of ministries of education and equipment, through an increase in capacity management, implementation and evaluation. The project will cover the 26 governorates of Tunisia.
Location	Tunisia
Duration i.e. implementation period and indicative implementation timetable	<p>Target date of signature of EU Delegation Agreement with Lead FI: Q4(2014)</p> <p>Target date of signature of EU Financing Agreement with Beneficiary: Q4(2014)</p> <p>Start of activities financed by the EU grant: Q1(2015)</p> <p>End of activities financed by the EU grant: Q1(2021)</p> <p>End of project activities: Q1(2023)</p>
Justification/additionality of the EU grant	<p>The Investment Grant component of the NIF (EUR 12.5m) will be used to subsidise investment costs. The rationale for such a subsidy derives from social returns of education investments,. Beyond individual monetary gains for direct beneficiaries, education also bring external benefits, both monetary, through overall productivity gains spread in the economy and its subsequent benefits (larger income, larger tax collection) but also not monetary. Social returns of primary and secondary education have indeed been shown to be substantial, especially in terms of health, demography or transition to demography among others. This externality argument calls for subsidising the existing lending from EIB and KfW with a significant grant element that will be blended with the two loans.</p> <p>The TA components of the NIF (EUR 7.5m) are twofold. The first one is intended to remove specific barriers to the project implementation by strengthening existing capacities at both central and regional level to furthermore improve project planning, procurement, monitoring &amp; evaluation. The second one aims at improving the economic benefits of the investments thanks to accompanying measures to: (i) strengthen ownership and responsibility over the schools by the community of students, parents and teachers; (ii) and improve discipline at schools thus reducing vandalism and bringing positive impacts on students' learning outcomes as well as on the economic life of the investment.</p>

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### Southern Neighbourhood Countries – Risk Capital Facility

Investment Facility	Neighbourhood Investment Facility (NIF)
Opinion of the Operational Board	Positive
Sector/DAC code	Private Sector  DAC code: 240 and 250
Partner country/region	Regional - South Neighbourhood countries
Lead FI	European Investment Bank (EIB)
Co-financiers	Currently in discussions
EU contribution requested	€25,600,000
Total cost of the project	€ 520,000,000
Objectives to be fulfilled (main)	<p>The aim of this facility is to provide access to equity and debt finance to SMEs in the region in order to support private sector development, inclusive growth and private sector job creation.</p> <p>The facility approach pursues in particular the following objectives:</p> <ul style="list-style-type: none"> <li>▪ Private sector development</li> <li>▪ Financial sector strengthening</li> <li>▪ Private sector job creation</li> <li>▪ Financial return – sustainability of SMES and MSMEs</li> </ul>
Foreseen results	<p>The expected impact of the Facility comprises three different levels:</p> <ol style="list-style-type: none"> <li>1) Risk capital sector development</li> <li>2) Access to finance for SMEs and MSMEs</li> <li>3) Job creation in the private sector</li> </ol>
Description of the activities	<p>The Facility will make investments aiming to support private sector SMEs and MSMEs in the Southern Neighbourhood countries through the use of risk capital mechanisms.</p> <p>The main activities of the Facility will be:</p> <ul style="list-style-type: none"> <li>▪ Investing in private equity and venture capital funds.</li> <li>▪ Investing in microfinance and other financial institutions.</li> <li>▪ Lending to microfinance and other financial institutions.</li> <li>▪ Other innovative instruments such as co-investing alongside</li> </ul>

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	<p>Business Angels, funding Incubators and Accelerators and investing in technology transfer vehicles may also be considered.</p> <ul style="list-style-type: none"> <li>▪ Providing technical assistance to financial intermediaries or final beneficiaries.</li> </ul> <p>The Facility will invest its own resources on a pari-passu basis, in parallel with private, market oriented, investors, with the purpose of addressing market failure and supporting the private sector and financial sector reform.</p> <p>A technical assistance package will be put in place to ensure demand driven capacity building of financial intermediaries and final beneficiaries.</p>
Location	South Neighbourhood countries
Duration i.e. implementation period and indicative implementation timetable	<p>Signature of the agreement: Q1 2015</p> <p>Start of activities: Q1 2015</p> <p>End of Activities: Q4 2025</p>
Justification/additionality of the EU grant	<p>The EU budgetary resources funding will lead to an EIB's commitment of own resources and may be used to attract third party funding. It will be the first intervention of the EIB in SME risk-sharing equity products outside the EU.</p> <p>The Facility expects to commit at least a net amount of EUR 142.5 million to local and regional financial intermediaries. EUR 130 million is expected to be channelled towards 98 thousand SMEs in the region, creating and/or sustaining over 620 thousand jobs. The support of the Facility to local financial intermediaries – including technical assistance and co-financing – also demonstrate the additionality of the EU funding as they would otherwise struggle to achieve sufficient know-how and critical financial resources to expand micro and SME lending.</p> <p>The EIB will ensure that the EU funding leads to other economic benefits such as female and youth employment, impact on exporting capabilities of the financial beneficiaries and amounts of taxes levied to the underlying SMEs.</p>

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### Southern Neighbourhood Countries - Small Business Support Activities (phase II)

Investment Facility	NIF
Opinion of the Operational Board	POSITIVE OPINION
Sector/DAC code	Private sector SE4All (energy in Africa) / / 25010
Partner country/region	Egypt, Morocco, Tunisia, Jordan
Lead FI	European Bank for Reconstruction and Development
Co-financiers	Client's contributions
EU contribution requested	€ 20,900,000
Total cost of the project (including the EU contribution)	€ 26,100,000
Objectives to be fulfilled (main)	<ul style="list-style-type: none"> <li>• Enhance performance of assisted SMEs by providing business advice and industry expertise from local consultants and from international advisers (as seen by increased productivity and sales, increased employment, increased exports and new foreign contracts, new production lines and technologies, etc.)</li> <li>• Improve access to finance for SMEs by preparing companies for investment, whether by EBRD, other IFIs or local banks, and by providing advisory services to SMEs receiving finance (as seen by number of companies raising external finance and investments);</li> <li>• Strengthen and contribute to a sustainable infrastructure of local advisory services (as seen by increased supply, broadened range and improved quality of advisory services, increased consolidation of the industry).</li> </ul>
Foreseen results	<ul style="list-style-type: none"> <li>• At least 1,200 enterprises receive advisory assistance through SBS projects</li> <li>• At least 500 local consultants trained to deliver business support on the local market</li> <li>• Standard Outcomes (copy all applicable indicators for the relevant sector from Annex V in the Guidelines)</li> <li>• At least 50% of assisted enterprises increase turnover within one year of project completion.</li> <li>• At least 50% of assisted enterprises increase employment within one year of project completion.</li> <li>• At least 15% of enterprises assisted successfully obtain external financing within one year of project completion.</li> </ul>

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Description of the activities	<p>The Project is designed to support SME activity in the countries of Southern and Eastern Mediterranean (SEMED) – Egypt, Morocco, Tunisia and Jordan – and is built on the notion that smaller businesses need know-how and finance to develop and grow.</p> <p>SMEs will be connected to business advice through local consultants or international industry advisers. Assisted enterprises with investment needs will then be referred to link to SME finance facilities available locally or through the EBRD and other IFIs to finance their growth. The project will also expand the EBRD’s efforts in improving the quality and availability of advisory services in the local market to help ensure a market for business advice that will thrive long after these activities are completed.</p>
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